Austria	Sch[illegible]	Indonesia	Rp[illegible]	Pakistan	Rs35
Bahrain	Din0,[illegible]	Iran	Rls210	Philippines	Peo40
Belgium	BFr[illegible]	Israel	Shk4.50	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs25	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S.Arabia	SR8.00
Egypt	E£3.50	Kuwait	Fils600	Singapore	S$4.10
Finland	FM9.50	Lebanon	L£1,000	Spain	Pta175
France	FFr6.00	Lux	LFr60	Sweden	SKr13
Germany	DM3.00	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft145	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr160	Norway	NKr13.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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E GERMANY

Building surge brings hope for the economy

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World News

Fed fines man who bought bank for BCCI

The US Federal Reserve Bank yesterday imposed a $37m fine on a Saudi Arabian investor who illegally bought a California bank on behalf of the scandal-ridden Bank of Credit and Commerce International.

Ghaith Pharaon has also been charged with buying up shares in two other US banks for BCCI, and a New York federal court froze his assets *pending completion of the US* central bank's enforcement action. Pharaon, whose whereabouts are unknown, controls a worldwide web of companies.

Nato call to Japan

Nato secretary-general Manfred Wörner urged Japan to play a positive role in world peacekeeping. Kaifu's friends turn on him, Page 16

Top UN post for Saudi

Saudi Arabian diplomat Samir Shihabi, a 66-year-old Jerusalem-born Palestinian, was voted president of the United Nations General Assembly in a three-way contest. Page 4

Hong Kong demand

The pro-democracy party which dominated Sunday's Hong Kong elections is stepping up demands for a say in governing the colony. The United Democrats have listed people they want selected for the Legislative Council, to which the governor can appoint 17 people. Page 4

Noriega trial

A cocaine smuggler told a Miami court that he saw the name of former Panamanian dictator *Manuel* Noriega in the main ledger kept by Colombia's Medellin cocaine cartel. Noriega is accused of using Panama as a conduit for drug cartel operations.

Spain breaks drug ring

Spanish police said they had broken a drug smuggling ring and seized 100lbs of heroin, their biggest haul this year. Four Yugoslavs and five Turks were arrested.

Faction fighting flares

Four people died in South Africa in renewed faction fighting in black townships, and two more were killed during clashes with police patrols.

Manila move

Philippines president Corazon Aquino withdrew a notice closing down the US naval base at Subic Bay. She said it would not be issued until her government held a referendum aimed at overturning a Senate vote to expel the US military.

Bomb kills policeman

A bomb at Swatragh, Northern Ireland, killed a policeman and injured three soldiers. The attack appeared to be in revenge for *Monday's murder* of a local councillor for Sinn Fein, the IRA's political wing.

EC veto proposal

The Netherlands is suggesting a big increase in the powers of the European Parliament, including the right to veto most EC legislation. Dutch protest strike, Page 16; Personal view, Page 15

BBC Asia service

The British Broadcasting Corporation is to launch a *round-the-clock television* news service to 38 Asian countries in November.

New look at UK case

Britain's home affairs minister is asking the appeal court to review the case of Judith Ward – convicted of a 1974 coach bombing in which 12 people died. The appeal follows a review of *forensic* evidence given at the trial.

Indians kidnapped

Five millionaire Bombay diamond dealers have been kidnapped in New Delhi after being lured to the capital on a business invitation. No ransom demands have been made.

Business Summary

Rover Group seeks new working practices

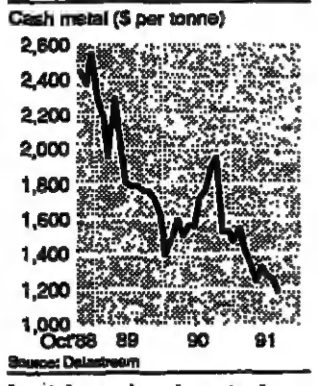
Rover Group is seeking radical changes in working practices among its 35,000-strong UK workforce to meet increasing competition from new Japanese car plants in the UK and elsewhere in Europe.

Its proposals effectively challenge the trade unions to agree to reforms granting Rover the same conditions and flexibility to those already being *conceded to Japanese carmakers.* Page 8

ALUMINIUM stocks in London Metal Exchange warehouses climbed to the highest level ever recorded for a single base metal, to reach 653,775 tonnes. This relentless accumulation has taken prices down to the lowest levels since the LME launched its contract for 99.7 per cent metal in 1987. Yesterday, three-month aluminium closed at $1,224.50 a tonne, $15 down on the day, after falling as low as $1,222 earlier in the day. Commodities, Page 28

Aluminium

Cash metal ($ per tonne)



Source: Datastream

PORSCHE, German luxury sports car maker, reasserted its desire to stay independent following speculation that Mercedes-Benz or Volkswagen might be interested in buying a stake. Page 17; Living dangerously in the fast lane, Page 21

RENAULT, French state-owned carmaker, and Volvo of Sweden took their co-operation a significant step further by exchanging senior staff in their French sales divisions. Co-operation between the two companies is the latest consequence of last year's share swap. Page 17

SEALINK-STENA, one of Britain's largest cross-channel ferry operators, is today to announce drastic cuts in jobs and services, according to Stena, the company's Swedish parent. Page 17

SUMITOMO Chemical, a leading Japanese producer of agricultural and basic chemicals, has taken 100 per cent of a California-based agricultural chemicals company, Valent USA, the 11th-ranked agricultural chemical producer in the US. The purchase price was not disclosed. Page 19

BASF, German chemicals group, is taking full control of Comparex, the computer marketing company it formed nearly five years ago with Siemens, the German electronics giant. It will acquire Siemens' 33.5 per cent stake for an undisclosed sum. Page 18

FAI Insurances, Australian insurance and investment group, announced net operating loss of A$144m 2m) ($115m) for the year to the end of June, compared with a profit of A$18m last year. Page 19

JAPAN Securities Dealers Association has decided to launch computerised trading for the over-the-counter market on October 28. Page 30

STATOIL, Norwegian state oil company, is pushing ahead with plans for the construction of a NKr2.5bn ($380m) chemical production plant. Page 18

SOUTH KOREAN government on ordered the Seoul branch of French Banque Indosuez to suspend foreign exchange business for one week as a penalty for alleged illegal transactions. Page 2

Leaders pledge withdrawal of federal, Serb and Croat forces

Yugoslav ceasefire agreed

By Laura Silber in Belgrade, **David Gardner** in Brussels and **David Owen** in London

A CEASEFIRE was agreed in Yugoslavia yesterday between the European Community and leaders of Serbia, Croatia and the Yugoslav army.

The agreement got off to a shaky start, however, after the Croatian government accused the federal army of bombing a suburb of Zagreb.

The ceasefire, brokered by Lord Carrington, chairman of the European Community's Peace Conference, was supposed to take effect immediately. *It was seen as the last* opportunity for Yugoslavia's warring factions to negotiate a political solution to the country's worst crisis since the Second World War.

However, after the departure of Lord Carrington from the republic of Montenegro, the Yugoslav signatories issued their own statement claiming that the ceasefire would come into effect at noon today.

In a statement issued after the negotiations, Lord Carrington warned: "This country is *only days away from a state of* irretrievable civil war. On that, at least, there is no argument."

Only hours after Lord Carrington's warning, Mr Imra Agotic, Croatia's minister of defence, accused the Yugoslav armed forces of launching an air attack on a suburb of Zagreb, the Croatin capital.

Lord Carrington's remarks came after intense negotiations with Mr Slobodan Milosevic, president of Serbia, Mr Franjo Tudjman, president of Croatia, and General Veljko Kadijevic, defence minister, in Igalo, the republic of Montenegro. General Blajoe Adzic, chief of staff, was also present.

"We recognise this is the last *chance to defuse and stop the* present warfare... We are fully conscious of the heavy responsibility we share at this crucial moment," the statement said.

In the joint declaration signed at Igalo, the leaders agreed to an immediate ceasefire monitored by EC observers, and the "instant and simultaneous withdrawal" of federal army units, as well as Serb and Croat paramilitary forces from battle zones.

The statement also called on all forces "under our political *and military influence" to dis*arm and demobilise. The federal army will immediately withdraw to barracks simultaneous with the demobilisation of Croat reserve forces.

The declaration was signed, in spite of faint hopes for a lasting ceasefire as intense violence engulfed Croatia. Several ceasefires have been signed – and broken – since the first agreement in July.

Since then, more than four hundred people have died in fighting between ethnic Serbs and *Croats* in Croatia. Croatia and Slovenia declared their independence on June 25.

EC foreign ministers are due to be briefed by Lord Carrington in The Hague today. This will be followed by a meeting of the nine-nation Western European Union which will discuss the Dutch proposal that a peacekeeping force be dispatched to Yugoslavia.

Officials from the current Dutch presidency of the EC made clear yesterday that a WEU peacekeeping force would only be sent to control an agreed ceasefire in Croatia, not to impose peace. It would *therefore* be a beefed-up version of the faltering monitoring operation now in Yugoslavia.

"There must be a ceasefire before it goes in; it is not a peace-enforcing force," a Dutch Foreign Ministry spokesman said.

In The Hague, Dutch officials said no ceasefire would hold unless it can be effectively and impartially monitored. The 200-strong corps of unarmed EC observers now in Croatia have been largely ignored or brushed aside by the warring factions, and hostilities have not diminished to the point at which serious talks can begin at the EC-sponsored peace conference in The Hague.

"The reason we want this force is because we see that the monitors can't do their job," the Dutch spokesman said.

The Dutch presidency was encouraged by the latest ceasefire accord. *The judgment of* the situation by Lord Carrington, the former British foreign secretary, "could be decisive" in whether or not to send a European force, a senior official said.

France, Italy, and Germany looked set to back the Dutch idea at tomorrow's meeting in *The Hague of the Twelve's for*eign ministers and the WEU, to which all EC members except Ireland, Denmark and Greece belong.

THE CRISIS IN YUGOSLAVIA

- Naval blockade raises doubts about oil supplies
- Keeping peace may be easier said than done
- Europe split over role in Yugoslavia

Page 3

- Editorial Comment

Page 14

Serbian Communist president Slobodan Milosevic (left) with Lord Carrington, chairman of The Hague peace conference, after talks in the Adriatic town of Igalo yesterday

Roubles printed round the clock

By John Lloyd in Moscow

MONEY is being printed in the Soviet Union as rapidly as possible. *"The only limit to the* money supply in the Soviet Union today is the capacity of the money presses," Mr Yuri Balagurov, managing director of the money supply department of the State Bank (Gosbank), said yesterday.

Mr Balagurov, in charge of controlling Soviet money supply, can do nothing now but carry on printing. "Nothing much can be done without political will, and there is at present no political will. We have plenty of good mechanisms, but they are not being applied."

The State Bank has lost almost all control of money, said Mr Balagurov.

Wages are nearly double last year's level while expenditure has risen by 169 per cent; wages are expected to rise still further, to 212 per cent of last year's level, by the year end.

The two state mints and two money printing centres are working round the clock. There are no reserves of newly printed cash and republics are merely notified which days' production they can collect, hot from the presses.

The process of uncontrolled printing, fuelled by steadily rising wages, is not matched by extra production, which is falling in most sectors. Enterprises borrow from commercial banks to meet their wage bills; commercial banks demand extra cash from the republican central banks, which in turn demand more from Gosbank, which has no choice but to meet their *demands.*

The bank, said Mr Balagurov, has called for a wages and prices freeze no less than five times although he doubts if the authorities could enforce either.

The great danger, he said, is hyperinflation, although he said it is meaningless to put a figure on current inflation. Mr Grigory Yavlinsky, one of the four-strong leadership of the Committee of Management of the National Economy, said last week that it was now run*ning at between 2 and 3 per* cent a week.

All republics, "driven by a desire to be popular", are now passing on the price of their popularity direct to the State Bank. Mr Balagurov said that when, earlier this year, the

Continued on Page 16

No place to be an "enemy of the people". Page 2
Observer, Page 14

Baker stays firm on loan guarantees

By Tony Walker in Cairo and **Lionel Barber** in Washington

MR JAMES BAKER, the US secretary of state, yesterday stuck by his government's insistence that Israel should shelve its application for a $10bn US loan guarantee until after a Middle East peace conference has been convened.

A US official also warned that approval for the loan guarantees would not be automatic and could depend on Israel's attitude to the building of settlements in the occupied West Bank and Gaza.

The official, travelling with Mr Baker, said Arab states would boycott the proposed October conference if the US provided the loan guarantees without conditions. "The Arabs would not show up, and who could blame them?" he said.

US president George Bush last week threatened to veto the application if Israel continued to press for its immediate approval by Congress. Israel has requested the loan guarantees *to assist in settling Soviet* Jewish immigrants.

During talks in Jerusalem, Mr Baker gave qualified undertakings that the US would not seek a further delay after January and promised that the US would compensate Israel for any losses incurred as a result of the 120-day deferral demanded by Mr Bush.

But the administration is clearly trying to tie approval for the loan guarantees to a commitment by Israel to stop building new settlements in the occupied Arab territories, a demand Israel has long rejected.

The undertakings by Mr Baker were part of a six-point *package presented to Mr Yit*zhak Shamir, Israel's prime minister, in an effort to defuse the row over the loan guarantees.

A senior US official told reporters on the flight from Tel Aviv to Cairo that the administration could not promise that loan guarantees would be approved in January, nor could it guarantee a specific amount.

The senior official was quoted as describing the compromise proposal as "damned forthcoming", and said the US would not bow to other Israeli demands.

Other elements of the six-point proposal include an undertaking that the adminis*tration would work with Con*gress to draft legislation on the loan guarantees, and that it would try to persuade other countries to provide loan guarantees for Israel.

The Bush administration has already asked Germany and Japan to consider future financial aid to Israel. But Washington may seek to make this international support – as well as its own approval of some or all of Israel's request for $10bn of loan guarantees – conditional on an Israeli agreement to freeze settlements in the occupied territories.

"It's a question frankly of not being able to justify in our own minds, or to the other par*ties in the peace process*, an unconditional $10bn infusion that doesn't have any restrictions (on settlements)."

Mr Shamir was non-commit*tal earlier yesterday when* questioned about his talks with Mr Baker on the loan guarantee. "We have not yet resolved it, but we have discussed it and we will continue these discussions in the next few days."

Williams launches £703m hostile offer for Racal

By Richard Gourlay and Roland Rudd in London

WILLIAMS HOLDINGS, the UK industrial conglomerate, yesterday launched a £703m ($1.22bn) hostile takeover bid for Racal Electronics, the British defence and data communi*cations company which Sir* Ernest Harrison has chaired for more than 25 years.

The all-share offer last night valued each Racal share at 50½p, but Racal's shares had risen 6½p to 57½p on anticipation that the bid was an opening shot that might trigger offers from companies including General Electric Company, Thorn EMI and BTR.

J. Henry Schroder Wagg, the merchant bank which normally advises Williams, told Mr Nigel Rudd, Williams' chairman, that it could not work on a hostile bid for Racal because of information it had collated for another client.

This means that Schroders had advised either Racal on selling parts of its businesses or another potential bidder.

Williams shares yesterday lost 24p to close at 337p, cutting the value of the bid from the original £753m.

The three-for-20 share offer is the largest hostile bid for a UK company since CIN, the British Coal pension fund bid *for Globe Investment Trust in* 1990. It is also one of the largest all-share bids ever in the UK, prompting speculation that Williams might later have to sweeten the deal with an improved offer including cash.

Mr Rudd said he had no option but to launch a hostile bid for Racal. "I have met Sir Ernest before. Everything I *heard about his reaction to the* speculation of a bid from Cable & Wireless (in 1988) led me to believe he was not about to accept a bid from us."

Racal reacted to the hostile bid, which caught Sir Ernest out of the UK on a business trip, with a terse recommendation to shareholders to take no action.

Williams said it had bought a 2.8 per cent stake on Monday, the first day that Racal Electronics traded in its new form after the demerger of its 80 per cent stake in Racal Telecom, the operator of Vodafone.

Williams has interests in building and DIY products and specialist engineering with brands *including* Yale locks and Rawlplug.

Mr Rudd said he was most interested in Racal Chubb, the security and locks business which is the new Racal's most profitable division. Acknowledging possible competition problems, he said Williams would be prepared to sell Chubb's lock and safe businesses *and its own Goodwin* locks operation.

Advisers to Williams also said it would look seriously at selling Racal's loss-making data communications business, which faces stiff competition in the US, and the data networking business which links 21 UK government departments.

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Growth waves, Page 14
Lex, Page 16
A mixed performer, Page 25

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Japan's ruling party squabbles in public over leadership

The enemies of Toshiki Kaifu, the Japanese prime minister, have no qualms about turning on him in public. The fight over leadership of the Liberal Democrats has begun in earnest

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MARKETS

STERLING
New York lunchtime:
$1.744
London:
$1.7425 (1.7395)
DM2.91 (same)
FFr9.91 (9.915)
SFr2.5425 (2.5425)
Y233.25 (232.25)
£ index 91.0 (same)

GOLD
New York: Comex Dec
$350.4 (348.3)
London:
$346.55 (345.65)

N SEA OIL (Argus)
Brent NOV
$20.225 (-0.20)

Chief price changes yesterday. Page 17

DOLLAR
New York lunchtime:
DM1.6695
FFr5.688
SFr1.457
Y133.705
London:
DM1.6705 (1.6735)
FFr5.6875 (5.7)
SFr1.4585 (1.462)
Y133.8 (133.55)
$ index 64.7 (same)
Tokyo close: Y133.63

US lunchtime rates
Fed Funds: $5\frac{3}{8}$%
3-mo Treasury Bills: 5.326%
Long Bond: $102\frac{7}{32}$
yield: 7.924%

STOCK INDICES
FT-SE 100:
2,594.4 (-11.6)
FT Ordinary:
2,037.9 (-13.1)
FT-A All-Share:
1,257.00 (-0.3%)
New York lunchtime:
DJ Ind. Av
3,007.83 (-7.38)
S&P Comp
385.37 (-0.41)
Tokyo: Nikkei
23,443.61 (+309.18)

LONDON MONEY
3-month interbank:
$10\frac{3}{16}$% (same)
Liffe long gilt future:
$96\frac{1}{4}$ ($96\frac{1}{16}$)

EUROPEAN NEWS

Aid from west 'would lift Russian oil output'

By William Dullforce in Geneva

A SUBSTANTIAL injection of western equipment for oil wells in west Siberia could bring an instant and sustained growth of between 5 and 10 per cent in Russian oil production, a group of western businessmen said yesterday.

They called for a quick decision on currency reform and said free currency conversion was urgently needed to relaunch trade. It should be accepted as inevitable that newly independent republics would create their own currencies but the reforms should be co-ordinated to the greatest possible extent.

The republics should share a "common democratic, strategic and economic space", allowing the free circulation of goods, services, capital and people but with decisions taken at the centre only if they could not be effectively taken at the republic level.

These proposals were among 12 points contained in a letter from Professor Klaus Schwab, president of the World Economic Forum, to Soviet President Mikhail Gorbachev and Russian President Boris Yeltsin, summing up the recommendations of 150 businessmen who met Soviet political and business leaders at a three-day seminar in Moscow organised by the WEF earlier this month.

'If possible, decisions should be taken by republics'

Massive private investment would not come quickly, the businessmen declared. They advised the Russians to concentrate on oil, gas, mining and forest industries, whose products could be exported at competitive world market prices. Foreign banks could provide project finance under which debt was serviced by export proceeds.

The Soviet military-industrial sector contained formidable resources but its basic organisation made it unsuitable for a market system.

The newly formed governments should put out a comprehensive businessman's guide, listing the authorities involved in regulating business, the organisations created to help joint ventures and the companies singled out for privatisation.

Large-scale privatisation could not be accomplished quickly but, the businessmen suggested, as a first step residential dwellings could be assigned to their tenants, retail stores to their employees and suburban plots of land to their farmers. Such measures could palliate the negative consequences of reduced purchasing power and deteriorating welfare.

Commercial laws, embodying property rights, patent and licence protection, needed to be made comparable with western standards.

The businessmen proposed that the Russians looked at the Swedish model.

GEORGIAN opposition leader Georgy Chanturia (above) addressing a rally in Tbilisi an hour before he and two other opponents of President Zviad Gamsakhurdia were arrested, Reuter reports from Tbilisi.

The three had boarded a late evening flight to Moscow on Monday which was ordered to return to the Georgian capital after 20 minutes. Plainclothes officers arrested them at the airport. No official reason has been given for their detention.

Georgia's parliament, at a stormy session on Sunday boycotted by the small opposition bloc, passed a law declaring sovereignty over the republic's airspace, presumably giving authorities the power to force aircraft to return to base.

The arrests could generate further tension in the republic, where rival protesters backing and denouncing the nationalist President Gamsakhurdia have been on the streets of Tbilisi for two weeks.

Opposition leaders accuse Mr Gamsakhurdia of dictatorial behaviour, muzzling the local press and oppressing minority groups like Abkhazians and Ossetians who want no part of Georgian independence.

Russia is still no place to be an 'enemy of the people'

By Mark Nicholson in Moscow

DEFENCE lawyers for the men accused of plotting the Soviet coup took the unprecedented and extremely brave step yesterday of calling a press conference to complain that their defendants were being subjected to a trial by media.

In an act of laudable democratic intent largely lost on a pack of agitated Soviet reporters jamming a room in Moscow's House of Journalists, the five lawyers strove, with punctilious professional regard for the Soviet equivalent of sub-judice, to counter what they saw as a media campaign of leaks and lies.

"The mass media is creating a psychosis against our defendants," said Mr Yuri Ivanov, lawyer for Mr Vladimir Kryuchkov, the former KGB chief, professing particular pique that a journalist had managed to interview his client 10 days before he could.

A plea from the press conference's moderator to "be kind to our guests" won no mercy from the Soviet reporters.

"Well, did they do it or didn't they?" asked one reporter. "Who is paying your fees?" asked another. Then one particularly fierce woman reporter, getting neatly to the point, demanded: "Do you want to go down in history as the men who let off the putchists?" "That is rather a spicy question," replied Mr Alexei Kologanov, who is defending Mr Vladimir Pavlov, former prime minister. "If the accused is not guilty and acquitted, the defence lawyer should see it as a great success."

The lawyers' point was that the trial of the 14 for treason, for which the penalty could be death, must be conducted with due process if democracy is to win its full place in the residual Soviet Union.

So far, the lawyers said, the process was proving imperfect. They complained that while they had signed a document preventing them from disclosing evidence amassed during the pre-trial investigation, the Russian prosecutor's office had not, and leaks were appearing in the press.

Nevertheless, the outline of their lawyers' line of defence became apparent yesterday. The detained 14, of which 10 have pleaded not guilty, one has confessed and three have pleaded "partially guilty", stand accused of high treason against "the Motherland", for which the lawyers claimed there is no definition in law.

Communists deny secret bank hoard

By John Lloyd in Moscow

TWO leading Communist officials yesterday denied the party had funds overseas, secret companies or lucrative business ventures.

Mr V. Mishin and Mr N. Kapanets told the Komsomolskaya Pravda newspaper the party had Rbs7.7bn (about £150m at the tourist exchange rate) in various banks and in party branches, and a further 12.4m in hard currency roubles – about £4m.

The two men are the surviving executives of the Communist party's administration after its former head, Mr Nikolai Kruchina, committed suicide soon after the coup failed.

Komsomolskaya Pravda last week alleged the party had $12bn salted away in western banks, while the weekly Commersant repeated the claim of the Moscow Business Convention, a private entrepreneurs' association, that $100bn had been banked abroad. On Sunday, the Greek newspaper To Vima reported that a shipping line belonging to the Greek Communist party had been used to launder party funds worth "tens of millions of dollars".

East-west cities centre to be housed in Strasbourg

By Paul Cheeseright, Midlands Correspondent

STRASBOURG will be the centre of an attempt to impose order on the increasingly complex pattern of co-operation between the cities of central Europe and the European Community. It will be the home of a clearing house for aid requests from the east.

This was decided yesterday at the Eurocities conference, which took place in Birmingham.

Eurocities is a network of 40 cities, from Lisbon in the west to Lodz in the east, from Glasgow in the north to Athens in the south. It brings together municipal authorities to share experiences and to concert urban policy. It is establishing a secretariat in Brussels.

The Strasbourg centre scheme emerged from discussions at a Eurocities commission on east-west co-operation. It was felt there were many demands for help from cities in the east to tackle neglected urban problems such as pollution, housing and transport, all of which were being handled in ad hoc fashion.

Initial costs of the centre are put at Ecu10m (£7m). An application for Ecu5m has been lodged with the European Commission.

Bank chief warns on German inflation

By Ian Davidson in Paris

THE governor of the Bank of France yesterday warned Germany that the increase in its inflation rate was causing concern to its EC partners.

Mr Jacques de Larosière told the annual meeting of the German Savings Banks' Association in Bonn it was essential the burden of anti-inflationary policy be shared by monetary policy, control over the budget deficit and reasonable income trends.

"There would be obvious risks for Europe," he said, "if Germany were to deepen its budget deficit for any length of time in order to finance the social and economic costs of unification."

His warning on German inflation underlines the converse fear that the costs of German unification could have a destabilising effect on the Community's monetary system.

Mr de Larosière said the D-Mark should cease to play its role as the benchmark for the European Monetary System. "The operation of the EMS has highlighted the notion of an anchor which is essential for encouraging convergence...Even though the D-Mark has brilliantly fulfilled this role over a long period, it is time to make the anchor even more effective by observing that there is now a collective anchor made up of the group of currencies with the lowest inflation."

Finland sends out signals towards EC

By Robert Taylor in Stockholm

FINLAND will make up its mind on whether to apply to join the European Community early next year. Over the past few days two of the government's key figures have given positive signals of their intentions as the country's recession has worsened rapidly.

On a visit to Brussels earlier this week the prime minister, Mr Esko Aho, said that his country would decide what to do about an EC application after the EC's Maastricht summit conference in November and the conclusion of current negotiations on the creation of a 19-nation European Economic Area between the EC and European Free Trade Association.

His remarks follow on rapidly from the positive pro-EC message delivered last week by Mr Pertti Salolainen, Finland's trade minister and recently elected leader of the country's Conservative party. Speaking at the European conservative congress in Paris he said he believed Finland would decide over an EC application by next summer.

The emergence of a national consensus on Europe can also be seen in the growing support for the EC inside the Finnish Social Democratic party. Its executive committee is due to meet on September 26 and is expected to adopt a positive position on an EC membership application. The Social Democrats are holding a special congress in November to discuss their leadership. The party's current leader and the former foreign minister, Mr Pertti Paasio, announced his conversion to the cause of Finnish membership of the EC within a day of leaving office last spring.

Finnish foreign policy is very much the preserve of the country's president and up until now Mr Mauno Koivisto, a Social Democrat, has not made any public declaration over the EC.

However, the growing signs of a pro-EC bandwagon rolling among the country's political élite suggests that the president is also likely to be heading in the same direction.

Two important trends are starting to harden attitudes inside Finland.

The collapse of Soviet communism and emergence of Russia as an independent force has brought a reappraisal of Finland's complex relationship with its giant neighbour. Many influential Finns now believe it would in fact be in Russian as well as Finnish interest for their country to become an EC member.

But just as important is the political response to the sharp deterioration in the Finnish economy that has taken place over the past few months. Last Friday the government announced its budget proposals for 1992 which involve huge foreign borrowing, cuts in social benefits, higher taxes and a national incomes settlement to include a real cut of up to 10 per cent in workers' pay.

The austerity package seems unlikely to acquire the two-thirds majority needed in parliament to come into force because of the opposition of the Social Democrats, adding to a growing sense of crisis in the country.

Czech minister quits over 'smears'

Czechoslovak Deputy Prime Minister Vaclac Vales, in charge of co-ordinating economic policy, resigned yesterday after allegations he had links to the secret police, Reuter reports from Prague.

President Vaclav Havel announced Mr Vales' resignation over a 'smear campaign' in the press and parliament.

"He is disgusted by unjust attacks against him in the parliament and in the press," Mr Havel said. "I am disgusted by these attacks myself. I have verified that they are unjustified and unfounded."

Party disqualified from Polish election

By Christopher Bobinski in Warsaw

MR Stanislaw Tyminski's X party, which represents the most serious populist challenge to Poland's post-communist order, has been disqualified from standing in all but four districts in the first free general election on October 27.

Mr Tyminski is a Polish Canadian businessman who won a fifth of the vote to come second to Mr Lech Walesa in last year's presidential election.

Yesterday his X party lost a court appeal against disqualification on the grounds that almost a quarter of the signatures nominating his candidates had been forged and that the party had thus failed to provide the 5,000 signatures required.

The ruling leaves the party with a mere 44 candidates to the 460-seat parliament in Torun, Kielce, Olsztyn and Koszalin.

Opinion polls have shown that the party could count on up to 10 per cent of the vote.

Mr Tyminski's support comes from areas most hit by unemployment, now approaching 2m.

His charges that Poland's rulers were betraying the country's interests won him almost a cult following in last autumn's presidential election.

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CRISIS IN YUGOSLAVIA

Peacekeeping plan for WEU underlines differences among member states

Europe split over role in Yugoslavia

By Robert Mauthner, Diplomatic Editor in London and Quentin Peel in Bonn

THE Dutch plan to use the nine-nation Western European Union as the vehicle for a peacekeeping operation in Yugoslavia could do more to underline the differences between the member states than to unite them in joint action.

Well before tomorrow's meeting in the Hague of foreign ministers of the member countries, all of whom also belong to the European Community, it has become obvious that there are deep differences between them on the role the EC and the WEU should play in the crisis. The chances of bridging the gap in the Hague depend very much on whether yesterday's cease-fire holds.

Of all the EC member states, Germany enjoys the most remarkable degree of consensus about its sympathies in the Yugoslav conflict and has taken the clearest stand on the role that the EC should adopt. The great majority of Germans backs the independence aspirations of Croatia and Slovenia.

At one end of the political spectrum, the ruling Christian Democrats (CDU) and their allies do not hide their sympathy for their Catholic fellow-believers in Croatia. At the other end, the Social Democrats (SDP) have supported the same side for humanitarian reasons, though they have publicly opposed sending a peace-keeping force.

Yet German observers believe there is little historical memory in their national response. "The Second World War is virtually forgotten," says Dr Jochen Thies of the German Foreign Policy Association. "The Croatian fascist alliance is forgotten and so is the British alliance with Tito and the British role in creating the Yugoslav state."

Above all, there is widespread frustration in Germany at the inability of the EC to take a firm and united stand against greater Serbian nationalism. This feeling is compounded by a growing fear that any split in the Community will be extremely damaging at the very time when much closer political and foreign policy integration is being negotiated.

At the same time, the German position has been greatly weakened by the fact that, while it wants a force sent, it claims that it is constitutionally debarred from contributing men to such an operation, as it did in the Gulf war.

The patent inconsistency in the position of Mr Hans-Dietrich Genscher, the foreign minister, has been the subject of intense irritation in other capitals, particularly London. "If the Germans do not intend to participate [in the proposed WEU force], they would do better to shut up," one senior British official said.

While the Italians, after a complete turnaround in their position, have finally come out in favour of the WEU proposal, serious doubts are being expressed both in London and Paris about the advisability of sending a European force to Yugoslavia at all at this stage. The French are clearly torn between their conviction that such a peacekeeping role would be more effectively assumed by the United Nations than by the WEU, and their desire to promote a "European defence identity". But France shares the British insistence that a number of basic conditions have to be fulfilled first.

These, in the British view, are that a cease-fire has to be in place and must be seen to be working, that all the parties in the conflict, including irregular forces and the federal army, should agree to the deployment of a WEU force, and that it must be clear to all parties that such a step is likely to contribute to a solution of Yugoslavia's fundamental problems.

Mr Douglas Hurd, the British foreign secretary, has not ruled out the despatch of a European force for all time. But it is highly unlikely that he will go as far as committing himself to a step with such far-reaching political and military implications at the Hague meeting.

Even Mr Willem van Eekelen, the WEU secretary-general, and an enthusiastic advocate of an enhanced defence role for Europe, has adopted a noticeably cautious attitude towards the proposal.

In view of all the difficulties and disagreements, over-ambitious ideas of sending a 30,000-strong force have been greatly watered down over the last 48 hours. The most that can be expected at the moment is a decision in principle to give the 400 to 500 EC cease-fire monitors protection involving no more than a few thousand lightly-armed military personnel. Yet even such a modest step might prove too difficult for some to swallow.

A Serbian commando takes up his position, awaiting an attack by Croatian forces, near the town of Knin in southern Croatia yesterday.

Naval blockade raises doubts about oil supplies

By Anthony Robinson in London and Nicholas Denton in Budapest

THE naval blockade imposed on Croatia's seven main ports early yesterday tightened the noose around what was once the most prosperous part of the republic and deepened Hungarian and Czechoslovak concern about the security of their oil supplies.

Hours after the blockade was imposed naval forces took part in a combined naval-army attack on the port city of Sibenik, the first such co-ordinated attack by the two services since fighting began three months ago, while Croat radio said 10 warships had put federal troops and equipment ashore at Split, another scene of fierce fighting yesterday.

Well before the Yugoslav federal navy imposed its blockade on Croatia's ports, however, the severing of economic links inside the country during three months of civil war had already reduced their hinterland to little more than the narrow coastal strip.

One exception used to be oil. But an 80,000-ton shipment of crude oil destined for Czechoslovakia remained trapped yesterday after Croat authorities lost control of a section of the Adria pipeline which carries 10m tons of oil a year from a pumping station on the island of Krk, south of Rijeka, north to refineries in Hungary and Czechoslovakia.

Croatia said it could no longer guarantee oil supplies through its territory on Monday when Serbian units reportedly seized five pumping stations at Sisak, close to Zagreb.

Railways from the ports have not been functioning for weeks while road blocks on the main route between Belgrade and Zagreb have forced most international road freight traffic to seek alternative routes through Hungary.

Port life has also been hard hit by the collapse of tourism, which used to sustain a busy ferry traffic to and from the villages and ports on this island-studded coastline, which was dominated for centuries by Venice.

By imposing a ban on all ships entering or leaving the ports of Split, Pula, Rijeka, Zadar, Sibenik, Ploce and Dubrovnik the federal army stepped up its pressure on Croatia, only hours before Lord Carrington, the former UK foreign secretary began his talks with Serb, Croat and Yugoslav federal leaders a few miles further down the coast at Igalo, in Montenegro.

Western diplomats believe the decision to impose a naval blockade was partly an additional "tit for tat" response to Croatia's earlier decision to cut off oil supplies to Serbia.

But military analysts point out that imposition of the blockade would complicate future arms supplies to Croatia.

Above all, the blockade underlines Serbia's demand for access to the sea in any future territorial negotiations. High on Belgrade's agenda would be the incorporation of Serb enclaves such as Knin, an important railway junction behind the three main ports of Zadar, Sibenik and Split.

Three of the seven blockaded ports – Split, Pula and Sibenik – are also naval ports; other naval facilities are at Kardeljevo and Kotor. Between them the five naval bases are home to a mainly coastal defence and patrol force of five submarines, four frigates and 59 fast patrol and coastal combat ships.

In purely military terms the small boats now guarding the entrances to the Croatian ports have a mainly symbolic importance. But several of the port cities have already suffered aerial bombardments and air force intimidation and are swollen by refugees. For them, the grey ships riding outside the harbours are the latest demonstration of Serb steel.

Keeping peace may be easier said than done

By David White, Defence Correspondent

MILITARY experts with experience of peacekeeping missions have serious reservations about proposals to use European troops to enforce a ceasefire in Yugoslavia.

The example of UN peacekeeping forces was cited by Mr Hans van den Broek, the Dutch foreign minister, as a possible model. But UN operations have been relatively limited in their ambition and scale, focusing on monitoring agreed ceasefires rather than imposing peace on warring forces.

Except for attacks suffered in Lebanon, UN forces have generally managed to avoid becoming targets, and have had few casualties. But other examples of outside intervention show how easy it is for would-be neutral forces to slide into a conflict.

Complex questions would first have to be resolved about the kind and size of force required, its composition, its rules of engagement and – thorniest of all – the definition of its role.

British officers reckon that to stand between the rival armies and paramilitaries in Yugoslavia would require a force of at least tens of thousands, backed up by surveillance aircraft and helicopters.

But its task – which after a ceasefire would be to prevent local friction flaring up into a renewed conflict – would be greatly complicated by the lack of a clear territorial dividing line.

There is concern that, even if a ceasefire is established between the "overt" forces (federal and republic armies), the conflict could degenerate into a guerrilla or terrorist campaign.

The nine-nation Western European Union has no experience of peacekeeping. The nearest it has come has been joint minesweeping operations in the Gulf, first organised under its aegis in 1988.

It will need to establish which countries are prepared to send forces, and which are acceptable to the authorities and populations concerned. Troops sent there risk becoming rapidly perceived as partisan, or as hostile occupiers. Although the Dutch proposal foresees "lightly-armed troops", if they became a target they could face quite sophisticated weapons.

British caution is rooted in bitter experience of Northern Ireland. In 1969, the reason for deploying troops in Belfast and Londonderry and sending reinforcements was to separate warring factions. Soldiers saw themselves as protecting the Catholic population. But within months resentment built up among Catholics, successfully exploited by the IRA. The army found itself caught uncomfortably between peace enforcement, acting as back-up policemen and fighting an anti-terrorist war, and is still there 22 years later.

The UN has covered a range of roles with civilian observers, military observers and lightly-equipped peacekeeping forces. But, partly because it lacked the organisation or the money to do more, it has kept to situations where a modest force sufficed and where it could remain above any conflict.

UN peacekeeping forces won the Nobel peace prize in 1988, the year observer forces were set up in Afghanistan and along the Iran-Iraq border. Since then there has been the successful UN Transition Assistance Group in Namibia in 1989-90, involving almost 8,000 civilians, soldiers and policemen, and the 16-nation UN Mission for the Referendum in the Western Sahara which started to deploy this month.

Non-UN initiatives have had much patchier success.

The difficulties of containing ethnic conflict were shown up by the Indian peacekeeping force sent to Sri Lanka in 1987, which at one point numbered 70,000 but which pulled out after 2¼ years.

In Liberia, the Nigerian-led Ecomog force – the "monitoring group" sent by the Economic Community of West African States last year – soon found itself in effect a party to the conflict, fighting against rebel leader Charles Taylor's National Patriotic Forces of Liberia.

For the military, perhaps the main worry, based on previous peacekeeping operations, is the difficulty forces have in extricating themselves. Apart from long-standing observer groups, which are relatively easy to maintain, the UN Peacekeeping Force in Cyprus (UNFICYP) has been there since 1964, and the UN Interim Force in Lebanon (UNIFIL) – note the word "interim" – since 1978.

Kurds seek to prevent allied pullout from Turkish border

By John Murray Brown in Ankara

IRAQI KURDISH leaders met President Turgut Ozal of Turkey yesterday as part of urgent efforts to secure continued allied support – amid suggestions that western forces now based in Turkey to deter aggression by Baghdad may soon be withdrawn.

The delegation, headed by Mr Jalal Talabani, is anxious to win food and medical aid from Ankara in the event of an allied withdrawal.

Western diplomats say no decision has yet been made about extending the three-month Operation Poised Hammer, the allies' air and ground presence in Silopi 10 miles from the Iraqi border to deter Iraq aggression. But the accord is due for review at the end of this month and senior diplomats in Ankara say the US and other allied forces are likely to pull out the 4,600 ground troops while maintaining an air strike threat at the joint US base at Incirlik, 310 miles from the Iraqi border.

Ankara yesterday announced its bilateral defence and economic co-operation agreement with the US had been extended another year, which would provide the legal base for the Incirlik base. But concern is increasing among the Turkish military at the presence of allied troops on its soil outside the scope of the accord with Washington.

Turkey, although anxious to prevent another massive refugee influx, has political reservations about the allied presence, particularly with elections approaching.

The Gulf war and subsequent allied relief effort has exposed the harshness of Turkey's policy towards its own 10m Kurds. The Turkish military is embroiled in a struggle against separatists of the Kurdish Workers Party, who since the end of the Gulf war have used power vacuum in north Iraq to mount attacks on Turkish army posts.

With general elections set for October 20, the authorities are bracing for possible unrest in the region.

Mr Talabani's group met an EC delegation on Monday and is due to set out today for European capitals and Washington. The Kurdish leadership is split over whether to agree terms of a draft accord with Baghdad, which would provide limited regional autonomy for the 3.5m Kurds of North Iraq.

The draft covers the autonomy issue, the normalisation of Iraqi Kurdistan and Baghdad's proposals for political and constitutional reform. However Mr Talabani is holding out for the oil-rich province of Kirkuk to be included in any autonomous region.

Hong Kong democrats step up demands

By Angus Foster in Hong Kong

THE UNITED Democrats, the pro-democracy party which dominated Sunday's first direct elections in Hong Kong, has stepped up demands for a say in governing the colony and will today deliver to Sir David Wilson, the governor, a list of about 20 people it wants selected for the Legislative Council.

The governor has in his gift 17 appointed seats. The appointments, which he will make within the next two weeks, will decide the balance of power in the 60-seat chamber and could be used to counteract the pro-democracy movement, which now controls about 20 seats.

Mr Martin Lee, leader of the party, met Sir David yesterday and discussed the appointments. He also demanded that United Democrats should sit on the Executive Council, the most senior decision-making body, similar to a cabinet.

Mr Lee said the governor agreed to consider his nominations, mainly liberal academics and professionals. But Mr Lee was unhappy because he did not agree to make appointments in proportion to the Democrats' victory.

The Democrats are trying to use the momentum generated by the victory to gain influence and push through policies to address social issues and demand more democracy.

If the Democrats' demands are accepted, which is thought unlikely, the party would emerge with a majority in the council, which debates government policy and approves finances. The government may try to defuse the affair and compromise by appointing a few liberals to the council.

The United Democrats and related liberal candidates won 15 of 18 seats contested in the direct elections. One independent will support the party's call for more democracy, as will four elected indirectly.

● Hong Kong and Vietnam have agreed to resume direct scheduled air services. Routes will be opened to Cathay Pacific Airways, Air Hong Kong and Vietnam Airlines.

IMF denies Lagos a clean bill of economic health

By William Keeling

THE International Monetary Fund has failed to grant the Nigerian government approval of its economic policy under a mid-term review of a 15-month agreement signed last January, western diplomats have said.

An IMF deal is critical to further negotiations between Nigeria and its creditors on the country's $35bn (£21bn) international debt. The current agreement with the Paris Club of creditor countries to which Nigeria owes $17.5bn is due to expire early next year, and the government is still negotiating to buy back up to 60 per cent of the $5.8bn debt owed to commercial banks.

The diplomats say that four months of talks between the IMF and the government have failed to break a deadlock over higher than agreed domestic expenditure. As one diplomat said, "the core of the problem is that the government has resorted to creating money to fund its expenditure programme".

Bankers in Lagos say the federal government has continued a trend set in January and February when it borrowed more than 12bn nairas (£650m) by issuing treasury bills. The bankers report that most government borrowing has been used to repay internal debts, leading to a substantial increase in domestic money supply.

In addition, bankers say the Central Bank of Nigeria has subscribed to about 40 per cent of treasury bill issues. This has fuelled inflation which bankers currently put at more than 20 per cent, up from less than 10 per cent at the end of last year.

Of particular concern to the IMF, diplomats confirm, has been the expenditure of the 30 state governments. State governments announced substantial increases in their annual budgets in January, and the problem has been compounded by nine new states being created last month.

Western diplomats have also expressed concern at expenditure on two big projects, in steel and aluminium, which they say should be scrapped, and a contract to purchase 150 tanks from Vickers of the UK.

The diplomats say that excessive domestic expenditure has been mirrored by higher than expected international debt-service payments and lower than forecast oil prices. Export of crude oil provides about 95 per cent of Nigeria's foreign exchange earnings.

Nigeria's agreement in January with the Paris Club for the rescheduling and servicing of debt was based on a projected oil price of $23, they say. This has not materialised and Nigeria's scheduled debt service payments are proving unexpectedly onerous.

Peace may have broken out in Mpumalanga, but Phola Park squatter camp in Johannesburg has not been so fortunate. A resident was shot dead (above) by police yesterday in renewed violence

Saudi diplomat wins top UN post

By Michael Littlejohns, United Nations correspondent, in New York

SAUDI ARABIA scored a stunning success in the United Nations yesterday, winning the presidency of the General Assembly for its chief delegate, Mr Samir Shihabi, in a three-way contest.

Mr Shihabi, a 66-year-old Jerusalem-born Palestinian who has worked in the kingdom's diplomatic service since 1949, received 83 votes to 47 for Sir Michael Somare, foreign minister of Papua New Guinea, and 23 votes for Mr Abdalla al-Ashtal, UN representative of Yemen.

The new president's candidacy was perceived initially to have been offered to block Mr al-Ashtal, who, as a member of the UN Security Council, often sided with Iraq during the Gulf war. But Mr Shihabi later pursued a vigorous campaign, overtaking Sir Michael, who had been an early favourite, with Commonwealth support.

Saudi Arabia had never even sought previously a UN committee chairmanship, a customary preliminary to a run for the presidency. Some diplomats said Mr Shihabi's success might herald a much more active role for the kingdom in international affairs.

The UN was scheduled last night to admit the free newly independent Baltic states, the two Koreas, and Micronesia, and the Marshall Islands to UN membership.

Why murder ended in Mpumalanga

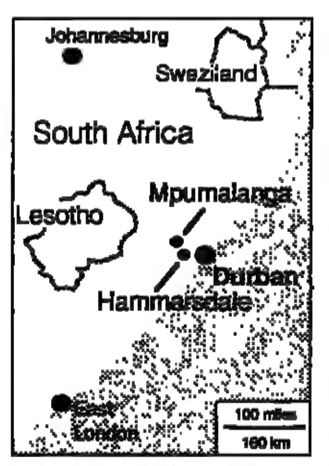
Patti Waldmeir on how white business brokered a surprising peace

AFTER FIVE years of war and 2,500 deaths, there is peace in Mpumalanga. That, in itself, is odd enough: for until a year ago, murder was a daily reality in this township of 200,000 people, where fire-bombed houses cling to the steep hillsides of South Africa's KwaZulu black "homeland".

But what makes the Mpumalanga peace odder still is the fact that it was arranged largely by local white businessmen. For doing business in the new South Africa increasingly means taking an active role in politics. On a local level, that can involve separating warring black factions, and nudging them towards peace: chairing meetings between rivals, intervening with the police, providing community development funds.

Nationally, business (which is overwhelmingly white) has played an even more prominent role. Jointly with the churches, businessmen have brokered a peace deal between South Africa's three main belligerents: the Zulu Inkatha Freedom Party, the African National Congress and the government. With its frank commitment to liberal values and freedoms, the accord holds out the best hope yet of a tolerant and democratic post-apartheid South Africa.

Time will tell whether the top-level pact signed last weekend by those three and other political groups will be respected in the tortured townships of Natal. Those concerned with Mpumalanga did not wait for a lead from the top, however. By October 1989, life in the township had become intolerable: supporters of Inkatha, which broadly represented the traditional Zulu tribal order, fought adherents of the anti-apartheid United



Democratic Front (UDF), a front organisation for the ANC, which was then outlawed.

"Mpumalanga was so bad," says Mr Roger Sishi, mayor of the township. "You knew who was responsible for murders and you could do nothing about it." Political principles had nothing to do with it, he believes, arguing that most of those involved did not know that Inkatha supported free enterprise and the UDF socialism. They were interested only in power and territory, he believes, pointing out that Inkatha supporters were under siege: the UDF controlled the schools, and the small commercial centre of the township, along with the post office. Travel between UDF and Inkatha wards was impossible.

But Mpumalanga, unlike many nearby townships, could count on two groups with an interest in stability: the trade unions, and employers from the nearby Hammarsdale industrial area. In October 1989 the unionists invited their employers to intervene, and though white business had traditionally been happy to ignore "black-on-black" violence, industry was suffering heavy production losses from high absenteeism, resignations, low morale and low productivity. The Natal Chamber of Industry estimates that two violence-related work stayaways in April and July 1990 alone cost the province some R200m (£41m) in lost production.

The fact that white business was called on to mediate in black conflict is one of the ironies of the new South Africa, for Hammarsdale's industries are a monument to the grand design of apartheid. They were set up, as apartheid decreed, on the border between white South Africa and black KwaZulu; the aim was to keep blacks out of South Africa, by providing work for them near their tribal homelands.

None the less, the blacks of Mpumalanga turned to whites because they had the resources to facilitate a deal, had influence with the police – and because white business was the closest thing to a neutral party in the conflict.

So Hammarsdale's industrialists went into the township and collected black leaders from both sides. They told them, separately, that they would shut their factories unless the violence stopped. In December 1989, they brought the two sides together. After a few hours, Inkatha and the UDF signed a ceasefire, at a meeting chaired by the white personnel manager of SA Nylon Spinners, one of 12 big companies in Hammarsdale.

A spokesman for Hammarsdale businessmen, who asked not to be named, says collective exhaustion played a part in forcing a settlement: "When we got the peace initiative signed was right at the pinnacle of the violence, everybody had had enough." He concedes that the role of the army may also have been crucial: only days after the accord was signed, in an apparently unrelated development troops replaced police in the township. The removal of allegedly biased police did much to restore calm.

In the months that followed, the ceasefire was broken several times; but for nearly a year now, the murders have stopped. "Now the youngsters are playing soccer together; before, youths were shot moving from one area to another," says the Hammarsdale spokesman. And the local ANC leader, Mr Meshack Radebe, says proudly that he often stays up late socialising with the Inkatha leader, Mr Sipho Mlaba.

But everyone agrees that little has yet been done to treat the socio-economic causes of violence in Mpumalanga – and that peace will fail unless it is seen to bring development. Business has endorsed a R12.9m development plan for the township, involving rebuilding damaged houses and schools, providing community centres and sport facilities. Funding has been arranged, but spending has been delayed over the establishment of a community trust to control the funds.

Mr Radebe of the ANC surveys the broken roofs and blackened walls of the township, and declares that "peace will last forever".

Others are not so sure. Mpumalanga will still be left with an unemployment problem of massive proportions: Hammarsdale industry can employ 12,000 to 13,000 people at full capacity, while the current population of the township and surrounding areas is more than 200,000. The development programme will not significantly alter that.

Japanese bank chief arrested

By Stefan Wagstyl in Tokyo

MR Hiroshi Minamino, the former chairman of Osaka Fumin Shinyo Kumiai, a small bank in Osaka, has become the latest person to be arrested by Japanese public prosecutors investigating Itoman, a trading company which was taken to the brink of collapse through speculative investments in art and property.

The affair rocked the banking community last year and led to the resignation of Mr Ichiro Isoda, the chairman of Sumitomo Bank, Itoman's main bank.

Seoul suspends French bank

By John Ridding in Seoul

THE South Korean government yesterday ordered the Seoul branch of Banque Indosuez, the French bank, to suspend foreign exchange dealings for a week as a penalty for alleged irregular foreign exchange transactions.

This is the first time that such action has been taken against a foreign bank in South Korea. The Office of Bank Supervision said it was conducting investigations into the foreign exchange dealings of other foreign banks in Seoul.

A statement by the Ministry of Finance and the Bank of Korea, the central bank, said that the Seoul branch of the French bank had made profits of about Won61.1bn (£50m) through foreign exchange dealings with other Asian branches and had lent the proceeds to Korean companies.

According to the Office of Bank Supervision, the dealings breached regulations which control the flows of foreign exchange into Korea. Mr Jean Mallet, Seoul branch manager of Banque Indosuez, said last week that "in conducting the transactions in question the bank was not aware that the Bank of Korea objected to these transactions".

Elections to be held in Punjab

INDIA'S minority government promised opposition parties yesterday that it would hold polls in Punjab, as another 19 killings in Sikh separatist violence were reported in the state, Reuter reports from New Delhi.

Mr S B Chavan, home minister, speaking after the government voted through legislation to annul polling set for September 27, told parliament he would announce new dates today.

Police have reported more than 4,100 killings in Punjab this year.

AMERICAN NEWS

Senators grill Gates over Iran-Contra

By Lionel Barber in Washington

MR ROBERT GATES, who is President George Bush's nominee as CIA director, yesterday faced a torrid interrogation from Democratic senators who called him a "hear no evil, see no evil bureaucrat".

Mr Gates was accused of turning a blind-eye to the Iran-Contra arms-for-hostages scandal. He also faced tough questions as to whether he had overstated the Soviet military threat to justify the 1980s defence build-up under President Reagan.

The sharp cross-examination on the second day of Mr Gates' confirmation hearings before the Senate intelligence committee marked a break with the opening session, where Mr Gates shielded himself through his admission of poor judgment in his handling of the Iran-Contra affair.

Mr Gates' tone of contrition contrasted with a more aggressive denial of wrong-doing in 1987, when he was forced to withdraw his nomination as CIA director to succeed Mr William Casey.

Under interrogation from Senator Howard Metzenbaum, the liberal Democrat from Ohio, Mr Gates momentarily lost some of his early composure. After listening to Mr Metzenbaum's complaints that he should have done more to expose the Iran-Contra scandal, Mr Gates declared: "Well, Senator, with all due respect, I think I did take action."

Mr Metzenbaum, who is leading opposition to the nomination, said Mr Gates was a man "who didn't want to know". At one point, he said: "It's just impossible to believe that this man was so close to what was going on and he didn't know. It's just not credible."

Mr Gates served as deputy director of intelligence and deputy director of the CIA between 1984 and 1989, before moving to the White House as deputy national security adviser to President Bush. Mr Bush this week repeated his praise for Mr Gates.

A key indicator of how Mr Gates is faring should come later this week when several CIA officers testify on what he may have known about the Iran-Contra affair. Yesterday, however, a senior Democratic aide to the committee suggested that members "did not have the stomach" to fight the Iran-Contra affair again.

Canadians to close their two military bases in Germany

Canada is to close its two military bases in Germany as part of a 10 per cent cut in its armed forces, Bernard Simon reports in Toronto. Mr Marcel Masse, the defence minister, told parliament yesterday that the two bases, at Lahr and Baden Söllingen, will be shut over the next four years. About 6,600 Canadian troops and a civilian workforce of 4,400 are currently stationed there.

Mr Masse said that Canada will keep 1,100 troops in Germany to serve on the Nato rapid deployment force. In addition, Ottawa will make available to Nato one brigade and two CF-18 fighter squadrons based in Canada.

Montserrat government falls

A row between the chief minister and his deputy over the weight of imported galvanised zinc sheets has caused the collapse of the government on the British Caribbean colony of Montserrat, Canute James reports from Kingston.

The resignation of Mr Benjamin Chalmers, the deputy chief minister and the works and communications minister, robbed the administration of Mr John Osbourne of its one seat majority.

Brazilian state sell-offs in balance

By Christina Lamb in Rio de Janeiro

THE future of Brazil's long-awaited privatisation programme hangs in the balance this week as Congress debates whether to act on an eleventh-hour recommendation by the attorney general to suspend next Tuesday's planned sale of Usiminas, the country's largest steel mill.

Mr Aristides Junqueiro has recommended the suspension on the grounds that President Fernando Collor exceeded his powers by allowing foreign debt to be used as payment in the sell-offs.

According to Mr Junqueiro, a presidential decree qualifying Multi Year Deposit Facility Agreements (DFAs), matured debt held at the central bank, *as eligible currency was illegal.* Under the constitution, Congress has until the end of this week to decide what to do.

This is the most serious in a series of legal and technical hitches that have thwarted the Usiminas sale which was originally planned for June 1990. The attorney general has recommended that if the sale proceeds the only eligible currency should be privatisation certificates (CPs), which financial institutions were forced to buy last year, and blocked cruzados, frozen in an assets squeeze last year.

Mr Eduardo Modiano, head of the programme, says this would either impede the sale or reduce the price to a non-viable level far below the hoped for $3bn or even the minimum price of $1.8bn as there is only $300m available in CPs.

All proceeds from the sell-offs must go to reducing Brazil's foreign debt and the $45bn (£26.6bn) in DFAs held at the central bank were expected to be the main currency bidding.

The price of Brazilian debt on the secondary market fell sharply as a result of the attorney general's recommendation.

Mr Modiano is currently in Brasilia lobbying congressmen and warning that a suspension of the Usiminas sale could jeopardise the privatisation programme.

Peru's children feed from capitalist pot

Sally Bowen on Lima's champion of business trying to tackle urban starvation

MR BERNARDO Wagner, managing director, has a new job. He is constructing a massive "cooking pot" to feed 400,000 malnourished children a day in Lima. It is Peru's most ambitious feeding project.

The twin, stainless steel "reactors", bakery and 1,200 sq m storehouse, on a donated site in Lima's southern suburb of Chorrillos, mean an investment of around $750,000 (£444,000). Most of the bill has been footed by Mr Wagner's parent company, H.B. Fuller of Minnesota.

"This is a message from a North American company that believes in the free market," he says. "I'm a capitalist, but the kind of capitalism we have here in Peru is barbaric. The market economy can't solve everything."

When the incoming government of Mr Alberto Fujimori took sudden and drastic economic stabilisation measures *last August, Lima's ever-hungry* poor faced overnight food price rises of 400-500 per cent. Mr Wagner was moved by the plight of those living close to Fuller's Lima plant which produces industrial glue.

He turned the company's kitchen over to serving free breakfasts to allcomers. "The first day, 500 people came, a couple of days later there were thousands," he recalls. With demand for the H.B. Fuller product sharply down at the same time, he had the brainwave of converting one of the huge glue-mixers into a "giant pot" to produce a basic but nutritious porridge.

Mr Wagner's businessman's eye for costs makes for an approach to feeding which differs radically from that of traditional international aid programmes. "It's the cost per ounce of protein that interests *me," he says. By importing* soya from Bolivia, he has reduced the cost of a 15-gram helping of porridge to under five cents. The new 30-ton capacity reactors will allow economies of scale to cut that even further.

The Paris Club of creditor governments has agreed to a rescheduling of Peru's debt to foreign governments, thus completing another stage in the Peruvian government's bid to normalise its relations with foreign creditors, our Foreign Staff report.

Peru owes $6bn (£3.5bn) out of its total international debt of $20bn (£11.8bn) to foreign governments under bi-lateral agreements. The agreement will stretch out repayments for development loans over 20 years.

The standard ration contains all the essential nutritional requirements for children under six, at whom Mr Wagner's programme is aimed. "If we can't provide adequate nutrition for our infants, we're bringing up a retarded generation which is ultimately unemployable," he says.

The test programme has been feeding 10,000 children under six daily for the past year. The food lorry's arrival in Huaycan, one of Lima's newest and most impoverished shanty-towns, is the event of the day.

"The food is a godsend," says Agapita, who, like many of *Huaycan's inhabitants,* is a recent refugee from the guerrilla violence of the Peruvian Andes. Her husband, a peasant farmer who had joined the village civil defence squad, was killed by Maoist Shining Path terrorists 18 months ago.

> 'Businessmen are uniquely equipped to solve problems like this. They have the technology, the organisation and the capital – all they lack is the humanity'

Juana has no support from relatives, no employment except as an occasional laundress. There is no social security and she and her five young children literally survive hand-to-mouth.

So far, a handful of local companies have chipped in with contributions to the project and Peru's largest corporation, US-owned Southern Peru Copper, is to finance the $50,000 (£29,600) bakery. But persuading fellow businessmen to support his project has been an uphill struggle for Mr Wagner.

He has also run up against different approaches byinternational relief agencies, such as Caritas, Care and Prisma, through which the bulk of US food aid is channeled.

These agencies distribute food to "community kitchens" where local women communally purchase, cook and serve meals. "The idea of a lorry coming in and dishing out food is completely inimical to all the values of self-help and community effort we are trying to promote," said one aid worker.

Mr Wagner disagrees. "We're talking about basic survival," he says. The first priority is to feed, the second to do it in a socially acceptable way."

He is receiving some assistance from the US Agency for International Development which has approved a $50,000 (£29,600) grant to roof the storehouse. As USAID officer George Baldino says, "Let's respect both approaches to feeding. An idea like Mr Wagner's could complement community kitchens without destroying what they have achieved."

Other detractors say this is a job for the government, but Mr Wagner believes the business community should take the initiative. "The government has so many problems and so few resources," he argues. "Businessmen are uniquely equipped to solve problems like this. They have the technology, the organisation and the capital – all they lack is the humanity."

Small rise in US production raises doubts over recovery

By Michael Prowse in Washington

THE smallest rise in US industrial production since April yesterday raised fresh doubts about the momentum of the US economic recovery.

The Commerce Department said production rose 0.3 per cent in August, less than financial markets expected. Figures for June and July, however, were revised up to show increases of 0.8 per cent and 0.6 per cent. The partial recovery *since April* leaves production 2 per cent lower than in August last year.

Retrenchment in the motor industry – the sector that led the industrial recovery – accounted for most of the deceleration in industrial growth. Output of cars and trucks fell more than 9 per cent last month after sharp increases in the previous five months. Excluding the motor industry, production rose 0.5 per cent.

The lacklustre production figures follow other disappointing statistics, including a 0.7 per cent decline in retail sales in August – the worst figures for seven months – persistent weakness of employment, and a decline in sales of new homes. On Friday, the Federal Reserve cut the discount rate by half a point to 5 per cent to bolster the flagging recovery.

A majority of economists believes a sluggish recovery is still under way. The latest Blue Chip consensus forecast predicts growth at an annual rate of 2.9 per cent in the second half of this year. This compares with average growth of more than 6 per cent in the first year of previous recoveries.

But anxiety about the durability of the recovery has grown, partly because of abnormally weak monetary growth.

● The US House of Representatives yesterday moved towards a clash with President George Bush by approving a $6bn (£3.5bn) bill on unemployment benefits, **George Graham** writes.

The administration rejects the bill as a breach of the budget agreement but yesterday's House vote was by a wide enough margin to override a presidential veto.

Argentine budget sent for Congress debate

By John Barham in Buenos Aires

FOR the first time in 27 years, a democratic Argentine government has sent its draft budget to Congress for approval on time. However, independent observers say it is significant more for its symbolic value than for the figures it contains.

As one diplomat commented, the budget shows that the administration "is serious about going through the political exercise of drafting a budget and sending it to Congress for debate".

The draft budget forecasts a 28 per cent increase in revenues to $17.45bn and an 8.6 per cent rise in spending to $18bn (£10.6bn), leaving a deficit of $570m, compared with this year's expected deficit of $2.94bn.

The government forecasts economic growth of 6.5 per cent in 1992 and plans to maintain a fixed exchange rate for the peso, the new currency to be introduced in January. It also intends to maintain a freeze on public sector pay and on prices at public enterprises.

However, diplomats warned that some of the macroeconomic assumptions built into the budget were subject to change. They said the public sector was undergoing far-reaching reform and negotiations were just beginning on a comprehensive debt reduction programme.

Argentina hopes to have a debt reduction mechanism in place in 1992. The country's debt stood at $61bn at the end of 1990, including $7bn in interest arrears.

WORLD TRADE NEWS

Renault chief in warning over Japanese cars pact

By David Buchan in Brussels

THE recent transitional accord limiting Japanese car sales in the EC will fall apart if EC states vie with each other to attract Japanese factories, or if the EC competition directorate interferes with existing dealership practices in Europe, the head of Renault said yesterday.

Speaking as president of ACEA, the European carmakers group, Mr Raymond Levy said "all EC states should act together, and not run after the Japanese and beg them to set up factories" in the Community.

Otherwise, the Community would have to revise what Mr Levy called its "working hypothesis" that manufacture of Japanese-brand cars in the EC would rise from 360,000 last year to no more than 1.2m a year by 1999. That is the end of the transition, designed to allow EC car makers to adjust to full Japanese competition from the year 2000 on.

Addressing a special European Parliament hearing on EC-Japanese relations, Mr Levy also warned the Commission against making "any brutal change" in its competition rules that would "break up the selective distribution system and open the doors to all Japanese cars".

Within the overall import quota for the EC market as a whole – set out in the July 31 agreement between Brussels and Tokyo – are five sub-quotas for hitherto-protected national markets, including the UK. Policing this complex arrangement depends crucially on Japanese car makers being able to continue to select which distributor serves which part of EC territory.

In fact, the Commission's July 31 statement declared that it would not use competition law to obstruct the working of the car accord. But EC car makers have a 10-year anti-trust exemption that runs out in 1995. European and UK consumer organisations this week jointly complained to Sir Leon Brittan, the competition commissioner, that the import of Japanese cars into the UK was rigged in a way that was illegal under EC rules.

The Japanese car import agreement came under opposing cross-fire at the European Parliament's hearings. The German federation of industry said it was protectionist and would only push the range of Japanese cars in Europe "up market", while Mr Clyde Prestowitz, a former senior US trade negotiator, predicted "it will ultimately collapse" because it was so "open to differing interpretation".

Canada boosts Iran's export credits

By Bernard Simon in Toronto

CANADA is bolstering its fast-growing trade links with Iran by offering a C$1bn (£507m) export credit and insurance package.

The Export Development Corporation in Ottawa has signed a memorandum of understanding to set up a C$500m five-year line of credit with the Central Bank of Iran. It is also extending C$500m of short-term credit insurance for Canadian exports to Iran. The line of credit will be mainly for capital goods.

Mr Michael Wilson, Canada's trade minister, visited Tehran last weekend with a group of 20 Canadian exporters. The Canadian companies are interested, among other things, in supplying farm machinery and urban transport equipment, as well as goods and services for the oil industry.

Mr Wilson said that Iran could become a centre for joint ventures selling industrial products throughout the Gulf region. He also discussed with Iranian ministers the establishment of air links between Iran and Canada, transfer of technology, and sending more Iranian students to Canadian universities.

Relations between Ottawa and Tehran were cool for most of the 1980s, after the key role played by the Canadian embassy in Tehran in setting up the escape of three US diplomats held hostage in the American embassy in 1979-80. Canada reopened its embassy in July 1988. Canadian exports to Iran ballooned to C$203m in the first half of this year, from C$121.4m in January-June 1990 and only C$22.5m a year earlier. Imports have also risen sharply, but still totalled a meagre C$13.6m in the first six months of 1991.

Venezuela secures petrochemical financing

FINANCING for three new petrochemical plants in Venezuela has been completed with the help of equity and loan investments by the International Finance Corporation (IFC), the World Bank affiliate which concentrates on developing the private sector, writes Stephen Fidler.

The three projects comprise a $549m investment programme all of which include Grupo Zuliano, a publicly-quoted company based in Maracaibo, with investments in three existing chemical plants.

An IFC official said yesterday that further projects are under discussion, including a methanol plant with Mitsubishi of Japan and Pequiven, the state-owned petrochemicals concern, as shareholders.

The Venezuelan government has over the last two years given fresh momentum to the development of such "downstream" petrochemical projects, which it intends to be majority owned by the private sector. Upstream projects remain for the present the preserve of state-owned companies. Zuliano has invested $49m of equity in the three plants with the help of a $13m equity investment in Zuliano, the IFC said.

The most advanced is a $127m polypropylene plant with annual production capacity of 70,000 tonnes, which is in its start-up phase.

Turks opt for Texas Instruments

By John Murray Brown in Ankara

TEXAS Instruments (TI) of the US has won a $85m contract to produce electronic night-sighting equipment for the Turkish army, beating competition from Marconi of the UK, and opening the way to supply a whole generation of electronic sub-systems to the Turks.

The deal signed in Ankara yesterday between Mr Robert Clark of TI and Aselsan, the state-owned military electronics company, establishes TI as the leading supplier at a time when the Turkish army is investing large sums to upgrade its electronic technology.

Under the deal, TI will manufacture 650 thermal image units at a plant at Akyurt for armoured vehicles, manufactured under joint venture by FMC of the US.

Defence analysts say TI is now well placed to supply equipment for the forthcoming $2bn helicopter contract – Sikorsky of the US, with its Black Hawk, is favourite – and for the project to modify Turkey's fleet of 600 M113 armoured personnel carriers.

The contract is the first signed this year by SSM, the state procurement agency. It includes a $19m offset agreement with Aselsan. In addition TI will export equipment worth $26m. Marconi had seemed well placed to win the contract having earlier supplied equipment for the first 100 FMC vehicles shipped from Belgium.

However SSM has since been in dispute with the Turkish army, with the army refusing to take delivery of the FMC vehicles, complaining about night-sighting capability and the performance of the 260 horse power engine supplied by Detroit Diesel.

Taiwan-Soviet barter deal

A Taiwanese business group signed barter trade agreements together worth more than $200m with two counterparts from the Soviet Union, writes Peter Wickenden in Taipei. In one deal the Soviet-Far East Foundation agreed to ship consumer goods, machinery and computer equipment worth $11.5m in exchange for 150,000 cubic meters of Soviet timber.

Greek wind power plants to go ahead

By Kerin Hope in Athens

DEH, the Greek Public Power Corporation, has approved wind energy projects on five Aegean islands at a total cost of Dr5.1bn (£15.4m) in its first serious effort to develop wind power generation on a commercial scale.

DEH has already signed a contract with HMZ, the Belgian wind generator manufacturer, and Biokat, the Greek construction company, for a 5.1-megawatt Aeolian farm on the island of Euboea. It will be the largest wind park in the Mediterranean.

The EC will cover 55 per cent of the Dr1.62bn cost. The plant, with 17 wind generators linked to the national grid, is due to start operating in July 1992. Another contract worth Dr3.5bn is to be signed with Vestas of Denmark for equipment, and Rokas, another Greek construction company, for four smaller units in the Cyclades and east Aegean islands.

The plants, ranging in capacity from 1.5 to 2.5MW, will cover 10 per cent of the islands' energy requirements.

French farmers stand in the way of rich harvest

Time running out for Uruguay Round as EC farm reform gathers political momentum, writes **William Dullforce**

DEMONSTRATIONS by angry French farmers forced President Francois Mitterrand and his budget minister to cancel visits to the provinces last weekend. The farmers will descend en masse on Paris on September 29 to protest against reductions in the prices they receive for their produce. Many of them see these as a prelude to further threats to their current way of life likely to emanate from reform of the European Community's Common Agricultural Policy.

Trade ministers of the so-called Quadrilateral Group – the EC, the US, Canada and Japan – who met in the French town of Angers on Friday and Saturday to discuss how to complete the stalled Uruguay Round of multilateral trade liberalising talks – cannot have ignored the passions aroused among farmers in their host country.

Yet a breakthrough on the liberalisation of world farm trade remains the key to a successful conclusion of the trade talks. That breakthrough cannot occur without a convincing change of attitude by the EC which in turn depends on France, the EC's biggest farm producer, allowing the Community to proceed with a radical reform of its agricultural policy.

The link between the protesting French farmers, who frighten Mr Mitterrand, and the future of the world trading system is a political reality. It is causing considerable dismay in Geneva this week as trade negotiators from more than 100 countries resumed the most ambitious trade liberalising exercise ever undertaken under the General Agreement on Tariffs and Trade (Gatt) – an exercise which has already lasted 4½ years and was nearly scuttled by the farm issue at the meeting of world trade ministers in Brussels last December.

Mr Edward Madigan, the US agriculture secretary, predicted settlement of a dispute over American meat exports in a meeting yesterday with Mr Ray MacSharry, the EC farm commissioner, writes Nancy Dunne in Washington.

Although the two were to discuss a wide range of bilateral issues and the Uruguay Round, Mr Madigan was most "optimistic" that Mr MacSharry would agree to "re-list" US pork processing plants banned last year from the EC market.

The US meat industry last year lost a $10m-a-year market when the EC banned pork and beef shipments from plants deemed not up to Community sanitary standards.

The powerful Quadrilateral Group have agreed to send their chief trade negotiators to Geneva next week for a concerted attack on unresolved issues blocking new international agreements that would liberalise the $770bn-a-year world trade in services, strengthen intellectual property rights, reinforce Gatt rules and meet Gatt's traditional concern to lower barriers. Stationing top negotiators in Geneva on a semi-permanent basis provides the first overt indication that the leaders of the Group of Seven industrialised countries are acting to meet the pledge they gave at their summit in London in July to end the Uruguay Round successfully by the end of this year.

At Angers, ministers agreed again on the urgency of finishing the Round. Failure would be a catastrophe for the world, Mr Frans Andriessen, EC trade commissioner, said. Another senior EC official said: "We all know we will be in a big mess if we do not have a firmly structured Gatt to handle trade issues, when we start integrating the east European countries and perhaps even parts of the former Soviet Union, such as Ukraine and Georgia."

A window of opportunity exists, extending at most to the first few months of 1992, before the US presidential election campaign and the revamping of the European Commission.

However, while the four chief negotiators – Mr Hugo Paemen (EC), Mr Warren Lavorel (US), Mr Germain Denis (Canada) and Mr Minoru Endo (Japan) – may be able to iron out differences in many other areas, they are in no position to take the political decisions needed to break the deadlock over farm reform.

From March onwards, after the EC had agreed to negotiate a deal that would reduce subsidies and assistance to farmers in each of three areas – internal supports, border protection and export subsidies – talks in Geneva have concentrated on "instruments" clarifying the technical options for fulfilling this programme rather than on "numbers". The wide gap between demands from the US and the 14 farm-exporting nations in the Cairns Group – cuts of 75 per cent in internal supports and border barriers and 90 per cent in export subsidies and the EC offer of a highly restricted 30 per cent reduction – has been ignored.

These technical talks resumed on Monday. As it has done since the start of the Round, success depends on the EC coming up with a plan from proposals by Mr Ray MacSharry, the farm commissioner, to reform the agricultural regime that is politically credible to other countries.

EC farm ministers will consider the plan next week; with a massive farmers' demonstration in the offing nobody expects the French government to drop its objections and the French are not alone in opposing the MacSharry plan. The Dutch, who currently hold the EC presidency, are trying to arrange an informal farm ministers' meeting early in October; the next formal farm council would be in the week beginning October 21. Some Dutch officials believe that only the calling of an extraordinary meeting of EC heads of government in November could secure enough consensus on CAP reform to enable the EC to negotiate a farm deal in the Gatt talks. This leaves Mr Arthur Dunkel, Gatt's director-general, in the hot seat.

But Mr Dunkel can have only one try and must get it right first time. The latest word is that he is not likely to make his move before November. No wonder that at the end of the meeting in Angers Mrs Carla Hills, US Trade Representative, worried about time running out.

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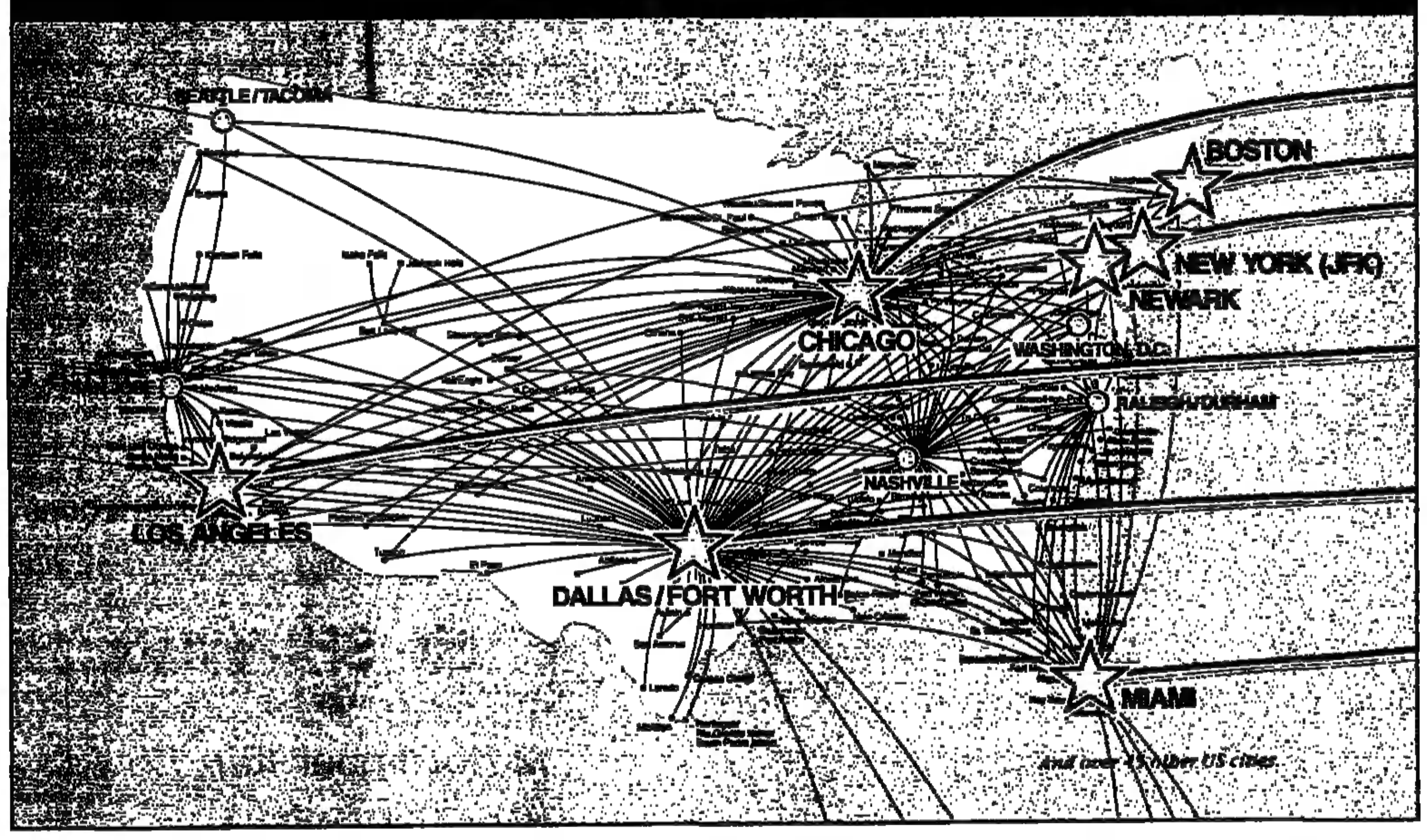

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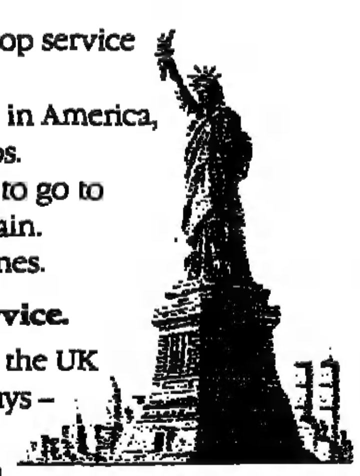

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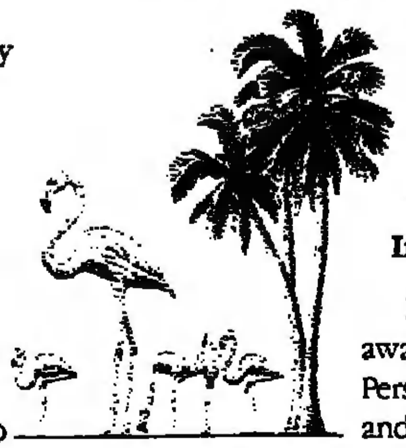

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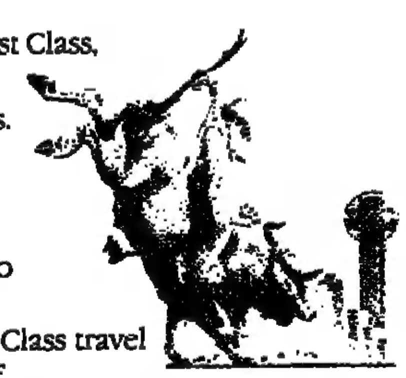

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UK NEWS

MOTOR INDUSTRY: ROVER GROUP

'New Deal' to match Japanese

By Kevin Done, Motor Industry Correspondent

ROVER Group is seeking radical changes in working practices among its 35,000-strong UK workforce in order to meet the rising wave of competition from the Japanese car plants being established in the UK and elsewhere in Europe.

Its proposals effectively challenge the trade unions to agree to reforms that would grant Rover the same conditions and flexiblity that are already being conceded to Japanese car makers.

The reform package, entitled "Rover Tomorrow – The New Deal", was presented to the company's eight unions on Monday and is expected to play a critical role in the UK car maker's ability to survive in the 1990s.

Rover, the leading UK car maker, which is owned 80 per cent by British Aerospace and 20 per cent by Honda of Japan, is already facing severe financial pressure in the face of the UK recession and plunged into a £45m trading loss in the first half of 1991.

The Rover initiative comes as Toyota, Japan's leading car maker, is engaged in intense negotiations with five British unions over a single union deal for its £840m car assembly and engine plants now under development on two sites, near Derby and on Deeside.

Rover said yesterday that it should be able to benefit from "the sort of agreements being struck for 'greenfield site' plants". Earlier this month the Trades Union Congress passed a controversial motion condemning the "alien approach to trade union organisation" of some Japanese companies investing in the UK.

Individual unions are competing fiercely to represent workers at the Japanese transplants, however, and they have already conceded some of the conditions, now being sought by Rover, at some existing UK vehicle plants such as the IBC Vehicles plant at Luton, a 60/40 joint venture between General Motors of the US and Isuzu of Japan, and at the Ellesmere Port assembly plant of Vauxhall, the UK subsidiary of GM.

The focus of Japanese expansion in the world motor industry is currently moving rapidly from North America to Europe.

Mr Rob Meakin, Rover personnel director, warned that the package of labour reforms was vital if Rover was to be able to compete with the Japanese in Europe.

Competition is motor for change

Kevin Done looks at the harsh climate within the European market

THE package of far-reaching reforms in working practices proposed yesterday by Rover, the leading UK car maker, bears stark testament to the harsh competitive pressures the European motor industry is facing in the 1990s, as Japanese car makers establish their first wave of European manufacturing plants.

The three leading Japanese car producers Toyota, Nissan and Honda, have all chosen the UK as the location for their first European car plants, which puts the existing UK car makers in the front-line of the Japanese assault on Europe.

In preparing the reform proposals and in determining the benchmarks for worldwide competitive standards, Rover has been able to draw heavily on its existing close co-operation with Honda, the Japanese car maker, which already owns a 20 per cent cent stake in the Rover vehicle operations, and for which Rover currently produces cars (the Honda Concerto).

At the same time Rover, like most other European car makers, has also studied with a rising sense of trepidation, the performance of the Nissan plant at Sunderland in north-east England, the first Japanese car plant to be established in Europe, and of the Japanese transplants in the US.

Rover said yesterday that it was now achieving a level of 22.5 hours per car at its Longbridge plant, compared with the best levels of 16.8 hours per car in Japan. That is good by general European standards, but the Japanese are hardly standing still.

Mr Ian Gibson, managing director of Nissan's UK plant claimed last week that the Sunderland operation was now achieving levels below 15 hours per car. "We are the best in Europe in labour productivity. We are as good as the equivalent Japanese plant and a bit ahead of the US."

To compete Rover is proposing a package of reforms including measures to:

- move towards a form of no disruption deal. Rover is suggesting that if any grievance or dispute cannot be resolved in the full company/trades union procedure, it should be referred – if both parties agree – to binding arbitration.
- all negotiations/consultations would be conducted on "a joint trades union basis. A single company council representing all trades unions and employees will be established."
- Rover will become a single status company. Clocking in would be phased out. All remaining distinctions between staff and hourly-paid would be removed and all employees would be paid by monthly credit transfer.
- a single grade structure would eventually be introduced. In an interim step the current five grade "hourly paid structure would be progressively replaced by a scheme with only two levels of occupational classification. The six grade staff structure would be replaced by a scheme with fewer levels.
- continuous improvement would be a requirement for everyone aimed at the elimination of waste, increased efficiency and reduced manpower.
- full "flexibility related to work procedure and between jobs, areas and all categories of employees will be the norm."
- the use of temporary employees will be considered for seasonal and short-term peaks in production.
- there will be a maximum devolution of responsibility to employees and to teams to be responsible for areas such as quality, routine maintenance, work allocation, job rotation and material control.

TIME for tea: Neil Kinnock, Labour leader, relaxes with Dr John Cunningham, general election campaign organiser

Respite for Labour in latest opinion poll

By Philip Stephens and Ivo Dawnay

AN opinion poll putting the Conservatives and Labour neck-and-neck yesterday took the froth off recent speculation that Mr John Major plans an early general election.

Ministers continued to insist that the prime minister would probably delay until next year, but it emerged that Tory strategists have intensified contingency planning for an autumn election if the opportunity presented itself.

For Mr Neil Kinnock, the poll provided a welcome, if only partial, respite after a spate of surveys pointing to a widening government lead. Speaking after an all-day strategy meeting of the shadow cabinet, the Labour leader said there was "no possibility" that Mr Major would be able to sustain a stable or dependable lead in the polls.

The latest survey, conducted by ICM for today's Guardian newspaper, puts Labour and Conservative support at 39 per cent with the Liberal Democrats at 17 per cent.

In one respect it confirms the recent strong improvement in the government's position because the previous Guardian/ICM poll a month ago gave Labour a 9-point lead with 45 per cent against the Conservatives' 36 per cent. The results, however, contrast sharply with the 4 to 5 point lead for the Conservatives indicated by two polls last weekend.

That will strengthen the conviction of Mr Chris Patten, the party chairman, and of most other cabinet ministers that, barring a surge in support for the government over the next 10 days, Mr Major will have to rule out an election this year.

Nevertheless Mr Patten has told the prime minister that if that surge were to materialise the party's election manifesto and campaign battleplan can be finalised early in October.

Conservative central office has also made contingency arrangements to take prime poster sites throughout the country through October. Mr Patten's "War Book" for the campaign already includes a detailed strategy to target resources in key marginal seats and on winning the support of blue-collar workers.

Mr Kinnock said Labour's private polling had shown that it had suffered no slippage since June on its "winning" issues of industry policy, training and education and health.

He went on to claim that any delay would act against the government as a consumption-led recovery laid the seeds for further inflation, as more hospitals and schools opted out of local control, and as poverty and decline continued to worsen.

Auditors face probe over BCCI

By Alan Friedman

US investigators are examining the relationship between Bank of Credit and Commerce International (BCCI) and Price Waterhouse, the bank's external auditor, in an attempt to ascertain whether any of the auditors had knowledge of falsified accounts that they failed to report in timely fashion.

Price Waterhouse, which has been co-operating closely with US and British central bank officials, has not been accused of any wrongdoing.

The accountancy firm has been criticised in the US Congress, however, for failing to detect the fraud at BCCI that has led to a series of US indictments of former BCCI top executives.

Mr Clark Clifford, former chairman of First American Bankshares – the Washington-based bank that according to the Federal Reserve was secretly controlled by BCCI through Sheikh Kamal Adham and other Middle Eastern frontmen – last week defended himself in part by attacking Price Waterhouse.

Mr Clifford, in testimony before the House banking committee, noted with irony that Price Waterhouse had approved BCCI accounts in 1987, 1988 and 1989 as "fair and true". The former First American chief – who is currently the subject of investigation by US prosecutors and bank regulators trying to determine whether he misled the Federal Reserve about BCCI's effective control of First American – also claimed that the Bank of England had been deceived by BCCI.

An aide to Senator John Kerry, the Massachusetts Democrat who since 1988 has led Congressional inquiries into the BCCI affair, said he was holding a series of meetings with Price Waterhouse in order to understand better the accountancy firm's relationship with the scandal-plagued bank.

Mr Kerry's office also disclosed yesterday that the Senator last week wrote to Sheikh Zayed bin Sultan al-Nayhan, the ruler of Abu Dhabi, which has majority control of BCCI, asking the sheikh to make available to the Senate high-ranking officers of BCCI who were arrested in Abu Dhabi last week.

The letter asked Sheikh Zayed to hand over Mr Swaleh Naqvi, former chief executive of BCCI, and Mr Saleem Saddiki, former head of BCCI's US operations, to testify in the US.

Mr Naqvi has been indicted twice in the US on BCCI charges; he was accused last July of fraud by a New York grand jury and indicted earlier this month in Tampa, Florida, on drug money laundering and racketeering charges.

It is understood that the US Department of Justice has begun – through diplomatic channels – to request that Mr Naqvi and others be sent to the US to stand trial.

Translink fined on safety

By Diane Summers

CONTRACTORS and equipment suppliers on the British end of the Channel tunnel project were yesterday fined a total of £42,000 and will be required to pay a total of £40,000 in costs after being convicted at Maidstone Crown Court of failing to ensure the safety of workers.

The charges were brought by the Health and Safety Executive after the death of Mr Gary Woodward, a 32-year-old miner from Sheffield, who was crushed on October 23 1989 as he bolted together two sections of rail in a tunnel boring machine.

The five contracting companies which trade as Translink Joint Venture, the British half of the Anglo-French consortium Transmanche Link are: Costain Civil Engineering, Tarmac Construction, Balfour Beatty Construction, Taylor Woodrow Construction and Wimpey Major Projects.

Translink Joint Venture admitted a charge under the Health and Safety at Work act 1974 that it failed to ensure the safety of employees including Mr Woodward. Each of the five contracting companies were fined £6,000 and ordered to pay costs of over £5,300 each.

Markham and Co and Robbins & Co (UK), which trade as Robbins Markham Joint Venture, admitted a charge of failing to provide a boring machine in such a way as to ensure workers were not exposed to risks to their safety. The two equipment suppliers were also fined £6,000 each and were each ordered to pay just under £7,000 in costs.

It is the fourth time that Translink Joint Venture has been fined over health and safety issues during the construction of the tunnel and a number of other cases being brought by the Health and Safety Executive are still outstanding.

In March last year fines of £10,000 plus costs were imposed on each of the five companies on a charge arising from investigations into the death of Mr David Simes, a maintenance worker. In July 1988 fines of £1,750 each plus costs were imposed on three charges after four empty rail waggons broke free. In 1988 fines of £4,000 each plus costs were imposed on two charges involving the storage of bottled gas. No one was injured in these last two incidents.

- Vocational training is to be investigated by the Equal Opportunities Commission, writes Lisa Wood.

Ms Joanne Foster, EOC chair, said the findings of an EOC survey, published next month, and those of a recent survey by the Policy Studies Institute showed again that decisions about training were influenced by stereotyped attitudes of what constituted women's work and men's work.

BRITAIN IN BRIEF

International applicants for generator

Thirteen international companies have expressed an interest in owning generating capacity in Northern Ireland's electricity industry.

The list includes a management-employee buy-out team, several UK utilities and a number of American companies. They have received the information memorandum setting the detailed terms of privatisation and are being invited to proceed to the bidding stage.

Mr Richard Needham, Ulster's Economy Minister, said the list of interested parties read like a "Who's Who" of the energy world and was a tribute to the province's economy.

The companies are vying for ownership of Ulster's four power stations. They are Belfast West, Coolkeeragh in Londonderry, Ballylumford at Larne, and Kilroot, near Carrickfergus, in County Antrim.

The full list of interested parties is: Applied Energy Services (UK subsidiary of US parent); British Gas (UK); Coastal Power (US); Dominion Energy (US); Endesa (Spain); Enron Corp (US)/Midlands Electricity (UK); IVO (Finland)/Yorkshire Electricity (UK); Management Employee Buy-out; Mission Energy Company (US); PowerGen (UK); Scottish Power(UK); Southern Electric International (UK); and Tractebell (Belgium).

Gas price cuts under attack

National Power, one of the UK's newly-privatised electricity generating companies, fiercely criticised British Gas' plans to cut supply prices to power companies as not going far enough. The generator says the planned price cut will not be enough to make gas-fired generators competitive with coal-fired plant.

British Gas' new schedule which cuts prices for power customers by three pence a therm, was announced yesterday following a six-month row over a previous price increase.

The new price opened the way for some 18 companies with planned power projects in the UK to begin negotiations over gas supply. But Mr Colin Webster, National Power's commercial director, said he believed none of the projects would be competitive with this price for gas.

UK companies improve liquidity

Large British companies improved their liquidity in the first half of this year, mainly because they raised funds through a rash of capital issues.

But Central Statistical Office figures showed that big companies as a whole continued to run their short term finances in deficit.

The CSO said that the liquidity ratio of large UK industrial and commercial companies improved to 72 per cent at the end of the second quarter from 65 per cent at the end of the first quarter and was well above its recent low point of 61 per cent in the third quarter of last year.

By the end of this year's second quarter, the companies surveyed by the CSO had a deficit of £13.9bn of short term liabilities over assets against £17.6bn three months earlier.

Nissho Iwai signs Soviet gas pact

Nissho Iwai Corp's British subsidiary has signed a cooperation agreement with the Soviet public gas company Surgutprom, which controls the Western Siberian Tyumeni natural gas fields, a company spokesman said.

The agreement will enable Surgutprom to import machinery and raw materials through Nissho Iwai U.K., and also receive advice from the Japanese-owned company on wider issues connected with introduction of a market economy, the Nissho spokesman said.

Public sector moves into red

Britain's public sector finances moved sharply into the red last month with the result that government borrowings in the first five months of 1991-92 already matched the target for the full financial year.

The Central Statistical Office said the public sector borrowing requirement (PSBR) or deficit in August was £1.85bn compared with a surplus of £1.04bn in July. The August deficit was twice the £918m deficit of August last year.

Last month's shortfall brought the cumulative borrowing requirement for April to August to £7.9bn, which was equal to the deficit expected for the whole of 1991-92 in the budget in March, and well above the £3.9bn cumulative deficit recorded by August last year.

However, Treasury officials said yesterday's figures did not indicate that Britain's public sector finances were lurching uncontrollably into the red.

Managers' pay drops sharply

Managers' pay increases dropped sharply to an average of 7.3 per cent during the three-month period May to July 1991. This compares with an average rise of 8.7 per cent for managers with pay review dates in the three months up to and including April this year, according to an independent survey of top salaries published today

The upper quarter of managers' salary increases showed a decline from 9.5 per cent in the earlier part of the year to 8.5 per cent for May to July; the bottom quarter of increases were down from 7.5 per cent to 6 per cent during the same period, found the survey.

The analysis of pay awards for managers and professional staff from over 150 organisations was carried out by the Top Pay Unit of the research group Incomes Data Services.

SNP set to back re-nationalisation

The Scottish National Party, which is lying third in the Scottish opinion polls, is this week expected to back a policy of re-nationalising the electricity, gas and public transport industries, as well as ending the sale of council houses.

This move to the left on economic policy is to be debated at the party's annual conference which begins today in Inverness. The renationalisation policy is aimed at wooing disenchanted Labour supporters to its side.

According to the latest ICM opinion poll support for the SNP in Scotland stands at 19 per cent, behind Labour with 43 per cent and the Conservatives with 25 per cent.

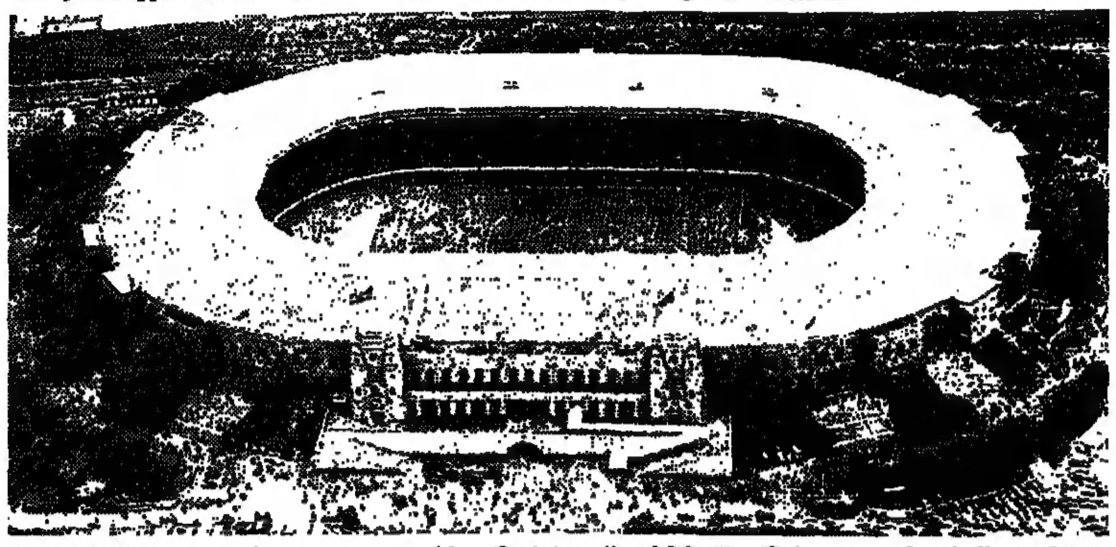
Voting rights urged in EC

Fixed-term parliaments, fewer MPs for over-represented areas and audited accounts from all political parties are among the wide-ranging electoral reforms proposed in a report published yesterday.

Other changes proposed include giving all European Community citizens resident in the UK for more than four years the right to vote in British elections.

It also advocates replacing the candidates' deposit with a requirement for 200 signatures in support, and establishing an Electoral Commission which would combine the electoral administration duties now carried out by the home office and local authorities with the functions of the existing Boundary Commissions.

The paper comes from the Hansard Society's Commission on Electoral Campaigns, chaired by Mr Christopher Chataway, the former Tory MP and minister. The Society is a non-party foundation: and the paper warns:"The nature of elections has changed radically over the last century, and a structure designed for a different era needs regular review if it is not to become obsolete."



THE TICKET agency and corporate hospitality interests of Keith Prowse, which was placed in receivership a week ago, have been *bought for an undisclosed sum by* Wembley, *the international leisure* group and owner of the national football stadium, pictured above. The deal with Grant Thornton, Keith Prowse's receiver, means *that corporate hospitality packages* for the Rugby World Cup and the golf Ryder Cup will be honoured. Other packages will be considered individually.

Man at the centre of the touch-button City revolution

By Richard Waters

MR JOHN WATSON is sitting at the centre of the City of London's biggest technological revolution since Big Bang. As the man responsible for building Taurus, the London Stock Exchange's paperless settlement system, it is his job to turn into reality a grandiose idea which has haunted the stock market for more than a decade. The aim: to remove all the paper from share trading, so that transactions can be completed at the touch of a button.

The enormity of the task has become all too apparent. Difficulties in devising a legal framework in which the ownership of companies can be transferred electronically, and constructing new investor protection arrangements, forced Taurus to miss its planned launch this autumn.

Then there were the systems problems. The exchange's attempt to write new software to enhance Talisman, its existing settlement system, has hit difficulties, forcing a two-month delay of one important step in the Taurus development.

This and other problems have forced Mr Watson to conclude that Taurus will not meet its revised target launch date next May. Judging by initial reactions, systems managers in more than 100 financial institutions, all of whom have been working to a tight deadline to be ready in time for the launch, are feeling a mixture of irritation and relief.

For someone in such an exposed position, Mr Watson is remarkably unflappable. No, he says, he wasn't over-ambitious in his original deadlines, and he didn't just pick the launch dates out of thin air – though they *were* meant to be ambitious.

Despite all the delays, the market is behind him. There is widespread, if grudging, support for Mr Watson in the securities industry, and a feeling that if he can't bring Taurus off the drawing board, nobody can. A management consultant from Coopers & Lybrand Deloitte who has been on secondment at the exchange for the past two years, it was he *who knocked heads together* at the end of 1989 to obtain agreement on a compromise design for the system.

Mr Watson has overcome considerable obstacles to get this far with Taurus, and is not likely to let a short delay get in his way now. In fact, he is one of those behind the original plan for the system, hatched as long ago as 1979.

At that time deputy chief executive of the Stock Exchange, he had been project manager on the then recently completed Talisman development. This system enabled market professionals to settle all their deals through a central nominee account, Sepon, saving them the task of settling each individual bargain with each counterparty they dealt with.

Taurus, the next step, would do away with the paper-based processing arrangements, and enable the stock market to move away from the peaks of settlement activity after each of its fortnightly trading "account" periods.

Nothing came of the plans. By 1983, with little headway made, an event of far greater significance shattered the Stock Exchange's calm: the deal between Sir Nicholas Goodison and the Office of Fair Trading that was to lead to Big Bang. Attention on new systems switched to the trading desks, and Taurus was forgotten. It was not until early 1988 – after the settlement backlog that clogged up most brokers' back offices in the City – that Taurus returned to the top of the agenda.

Ironically, Mr Watson appears at times to suggest that Taurus may not even be necessary. He points, for instance, to the £8bn backlog of unsettled share bargains in London at the time of the 1987 stock market crash. As share prices tumbled, securities firms were not left with huge losses due to the settlement delays. So why bother with more efficient settlement?

Because the securities industry has passed into the hands of banks, replies Mr Watson. Bankers are acutely aware of potential liabilities, even if those liabilities never eventually materialise.

Before banks took over the UK securities industry, he says, "it was the old club – you trusted the people you dealt with to deliver. That has all changed. In a larger market, you need new rules."

Unfortunately for Mr Watson, though, the stock market had changed greatly since the exchange first dreamt up Taurus. Rather than 2m private shareholders, there were now 10m – and consequently a far greater attention by the government to the issue of investor protection.

The exchange appears now to have felt its way through the political difficulties, and to have established a basic technical platform from which Taurus at last seems attainable – although considerable work still needs to be done. But was there not some better way to proceed from the outset?

Mr Watson remains committed to the City way of doing things – slowly, and with agreement from all those affected. "I don't know of any better way," he says.

BUSINESS AND THE ENVIRONMENT

Richard Tomkins examines a road pricing system intended to relieve congestion in urban areas

Clocking up the miles

Riches beyond the dreams of avarice beckon the developer of the first globally-acceptable road pricing system.

Just as the problems of traffic congestion are immense and worldwide, so is the market for a cost-effective method of rationing the available road space among those who are prepared to pay for it.

It is with this multi-billion dollar carrot in mind that GEC-Marconi, the aerospace and electronics arm of Britain's General Electric Company, has developed Timezone, a system of charging people for driving in urban areas.

Until now, governments throughout the world have preferred to live with worsening traffic congestion rather than risk the political repercussions of introducing such a scheme.

But the effects of traffic congestion on the urban environment have become so damaging that the need for some sort of solution is growing urgent.

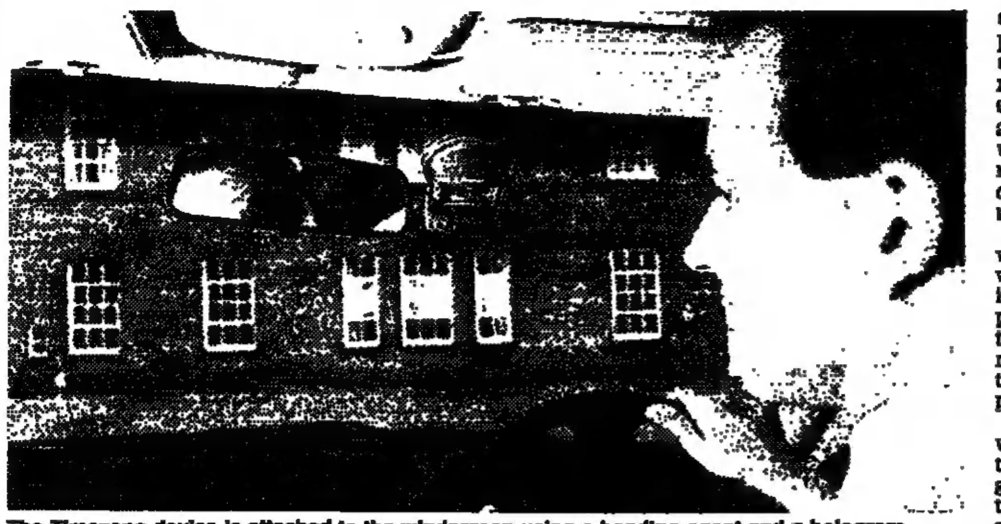
Investment in public transport is rarely an answer on its own. Often it does little more than improve the lot of existing public transport users: and when it does take motorists off the roads, their place is simply taken by others.

A combination of public transport and road pricing, however, offers the beginnings of virtuous circle. If motorists are charged for their use of the roads, the revenues can be applied to improving public transport, thus giving the motorist a two-fold incentive to switch to a more environmentally-friendly mode of travel.

So much for theory. In practice, however, road pricing has had a troubled history.

The only fully-fledged system running today is in Singapore, where motorists have to buy a daily or weekly permit to drive into the city centre during the morning peak. Permits are checked visually by police at the city's 29 entry points.

Outside the somewhat authoritarian environment of Singapore, most attempts to introduce anything other than motorway, bridge and tunnel tolls have foundered on political objections.



The Timezone device is attached to the windscreen using a bonding agent and a hologram

The best known example is Hong Kong, where an experimental system was abandoned in 1985 on civil rights grounds because the bills itemised the journeys motorists had made.

GEC-Marconi's Norman Green says the developers of Timezone were acutely aware of the political sensitivities when they designed the system. "We knew that if we didn't get public acceptability, we wouldn't get political acceptability, so we designed our system to satisfy political and socio-economic criteria before we developed the technology," he says.

The system had to be perceived as fair, easy to use, difficult to outwit, and acceptable in terms of civil liberties.

GEC-Marconi believes Timezone addresses all these criteria. This is how it works.

The motorist has an electronic device about the size of a cigarette packet which is stuck to the windscreen, behind the rearview mirror. A slot in the device accepts a smartcard which charges up the device with credits.

The device is brought into operation by radio waves emitted by small roadside transmitters. The transmitters are installed not just at the entry to a town or city, but throughout the area.

Normally, the device is idle. But when it approaches a zone where charges apply, it is switched on by radio waves from the nearest transmitter and starts consuming credits.

The number of credits consumed depends on the time spent in the charging zone. But charging stops when the vehicle is parked: the device contains a movement sensor which stops the clock when the vehicle has been motionless for more than a minute or two.

A city like London would probably have several zones charging different rates, according to the severity of their congestion. Charges could vary at different times of day.

Drivers will be able to recharge their smartcards at booths across the city, perhaps at service stations. They should not run out of credits because a digital display on the back of the Timezone device will tell them how many they have left.

If they do run out, the roadside transmitters will sense this and automatically report the car's registration number to the authorities. But GEC-Marconi emphasises that registration numbers cannot be detected by the system as long as meters remain charged.

People without Timezone devices will not be physically prevented from entering a charging zone. But some transmitters will be linked to cameras, and if one of these detects a vehicle without a device, it will photograph the vehicle's registration number, read it by computer, and pass the information on to the authorities.

Motorists without devices will be expected to buy a daily, weekly or monthly pass. The issuer of the pass – for example, a post office – will pass the applicant's registration number to the authorities so that they know the car has paid for access to the zone.

In fact, says GEC-Marconi, it will be in motorists' interests to fit a device because it will be given out without any charge to the consumer when the first smartcard is bought.

The Timezone will not be transferable. It will be fixed to the windscreen with a bonding agent containing a hologram which will reveal if the bond has been broken.

Similarly, each smartcard will only work with the meter for which it is made – though several members of a family may have smartcards which will fit the same meter.

This will enable differential charging to be introduced. Meters fitted to lorries, for example, could consume more credits than meters fitted to cars, and some drivers – disabled people, perhaps, or residents living within the charging zone – could be allowed to buy credits for their smartcard at a discount.

Water quality provokes a flood of controversy

John Hunt on the debate over contamination levels

The quality of UK drinking water is the subject of almost obsessive public attention. This was highlighted recently by the political row and media exposure when Three Valleys Water Company supplied customers with unchlorinated water following a fault in the system.

"The entire system of drinking water regulation is inadequate," Ann Taylor, Labour's spokeswoman on environmental pollution, declared in the Commons.

A week later thousands of Thames Water customers in Oxford had to boil their water after the discovery of E. Coli in the supply. This is a bacterium which may be an indicator of contamination by more serious micro-organisms.

Earlier this year South West Water was fined £10,000 and ordered to pay £25,000 in costs for supplying water contaminated with aluminium sulphate to 20,000 customers at Camelford, Cornwall.

Customers throughout the country are understandably alarmed when they hear of such a case. But serious incidents like Camelford are rare. Most involve microscopic quantities of bacteriological or toxic substances and are dealt with so swiftly that there is no danger to human health.

Nevertheless, the overall quality of Britain's drinking water is the subject of highly-charged political controversy. The first report of the new Water Inspectorate, which polices the system, was published in July. Michael Heseltine, environment secretary, saw it as confirmation of the high quality of UK drinking water. Of 3.3m tests carried out last year 99 per cent were within the legal limits.

Mike Healey, chief inspector, said supplies from the 39 water companies were generally of a high standard and some were exceptionally good.

However a closer reading of the report shows that the situation is not quite so rosy. In four cases the inspectorate is considering whether to prosecute water companies (so far unnamed) for supplying water unfit for human consumption.

Thirty one pesticides were found to exceed levels laid down in the 1989 Water Act although they did not endanger health. Indicator organisms in some areas had been detected in greater numbers than expected.

Environmentalists scoff at Heseltine's claims. Friends of the Earth say that 10m consumers are supplied with tap water contaminated beyond the legal limits in European Community regulations.

The EC standard for pesticides is one part per 10bn – a level so low that it is known as a surrogate zero. Thames Water complies with the World Health Organisation's standards on safe drinking water and those of the US Environmental Protection Agency.

In the meantime the government has accepted undertakings that the water will be brought fully into line with EC standards on pesticides by the year 2000 at the latest.

Most of the pesticides, which are used in great quantities by gardeners in this densely populated area, will be eliminated from the water by 1993. British Rail and some local authorities have agreed to a Thames request to cease using some persistent pesticides.

The water industry has a remedial programme of £2bn up to 1995 to improve drinking water quality. Thames is spending £500m over the next 10 years to improve water treatment facilities. It has just opened a £4m plant at Kempton, near Heathrow, to develop advanced purification systems.

Its 25 laboratories are being consolidated into two large ones which are among the most advanced in the world. One is at Reading and one to be opened in London's dockland in the autumn.

At the Reading laboratory 600 samples are tested daily and the lab is staffed seven days a week. Samples are logged on a computer, and automated machines can test 40 an hour.

In contrast a team of four people test the water for taste and odour in the same traditional way as wine tasters.

In addition to pesticides there are tests for metals such as lead, aluminium and mercury. An electron microscope can investigate right down to the molecular structure.

The system relies on the team of water quality inspectors operating throughout the Thames area which supplies 7m people from Dartford, Kent, in the east to beyond Swindon in the west.

At Reading, Ramon Franco, aged 34, travels up to 150 miles a day visiting treatment sites, boreholes or inlet houses where river water has been taken in. Like many of his colleagues he has a degree in biological science.

He also knocks on doors taking random tests in the home where householders are generally eager to discuss their water. He finds that it is rare to find anyone admitting that their water is perfect. "If we got to that stage we would be out of a job," he observes.

Satellite explores the ozone

The Upper Atmosphere Research Satellite, the largest environmental satellite ever built, is safely in orbit 370 miles above the Earth after its launch from the US space shuttle Discovery on Sunday.

UARS is a $740m (£425m) project designed, as Nasa puts it, "to help scientists learn more about the fragile mixture of gases protecting the Earth from the harsh environment of space".

The 10 instruments on board the 6.5 tonne satellite are now undergoing preliminary testing. They are due to start transmitting information on the chemistry of the upper atmosphere within two weeks. That should be in time to observe the seasonal "ozone hole" forming above Antarctica, as the sunlight of the southern spring triggers a complex series of photochemical reactions involving man-made chlorofluorocarbons (CFCs).

During the next year, UARS will observe similar processes happening over the northern hemisphere, where springtime ozone depletion is believed to occur not only above the Arctic but at latitudes as far south as the US and western Europe.

The debate about the way CFCs are destroying the ozone layer has been handicapped by the inadequate data available so far. Ground-based observations from aircraft, balloons, rockets and previous satellites have left room for a lot of scientific speculation; UARS is intended to provide a wealth of hard facts during its three-year working life about the chemistry, dynamics and energy balance of the atmosphere.

One instrument, the Improved Stratospheric and Mesospheric Sounder, was designed and built by a UK team involving Oxford University, Rutherford Appleton Laboratory and British Aerospace. It uses infra-red radiometry to measure chemicals, including ozone, methane, nitrous oxide and water in the upper atmosphere.

UARS is the first stage of Nasa's Mission to Planet Earth, a 15-year global research programme using "ground-based, airborne and space-based instruments to study the Earth as a complete environmental system".

Mission to Planet Earth will get into its stride in the late 1990s, when Nasa plans to launch a series of big environmental satellites under the title of Earth Observing System. Each will be a space platform packed with scientific instruments.

The European Space Agency has also made environmental sensing a centrepiece of its (more modest) programme for the 1990s. Its ERS-1 satellite was launched on an Ariane rocket in July and is beginning to transmit high-resolution pictures of the Earth's surface and lower atmosphere.

Clive Cookson

MANAGEMENT

It is in the nature of things that Hanson, Britain's most impressive takeover machine, must surprise and delight. Despite being the darling [redacted] investors, large and small, throughout the [redacted] Hanson has to keep buying companies [redacted] keep the markets interested.

Until Monday's £351.4m agreed bid for Beazer, the Anglo-American building group, investors and analysts were heard wondering aloud: "Is Hanson slowing down?". In the absence of another large bid and having improved the profitability of the companies [redacted] keeps, Hanson [redacted] finding it difficult to convince [redacted] that it could continue to extract further efficiencies from the businesses it runs.

Even in the aftermath of the Beazer deal there are still some sceptics. "It's a step on the way," says Nyren Scott-Malden, conglomerates analyst for Barclays de Zoete Wedd, the City brokers. "But I don't think it's necessarily *the* bid."

The company has been on the look-out for a "big" takeover for the past 18 months – witness its approach to the UK government to buy PowerGen last year, its interest in acquiring British Sugar, [redacted] now [redacted] shareholding in ICI, [redacted] manufacturer – and [redacted] needs one.

An analysis [redacted] the composition of Hanson's operating profits [redacted] underlying growth [redacted] excluding [redacted] of provisions, [redacted] interest and other items) may have stalled. Excluding [redacted] profits between [redacted] are expected [redacted] grow from £925m to only £990m – [redacted] rise of 7 per [redacted]

Some business academics [redacted] that conglomer[redacted] Hanson will face "conglomerate discount" – their whole will be worth less than the sum of their parts. While this [redacted] glaringly true of its Antipodean imitators – especially John Spalvins' Adelaide Steamship Company, or Alan Bond's Bond Corporation – Hanson has been able to avoid this condition by making fre[redacted] They enable it to keep growing, to maintain investor interest, and to keep its stock market rating high. Beazer [redacted] to some much-needed oxygen.

[redacted] small-time corporate raider for the first 15 years of its life. The 1980s was the decade when it moved into the big time. Although the company's most recent deals – such [redacted] the 1989 £3.3bn bid for Consolidated Goldfields, or last year's $1.2bn acquisition [redacted] Peabody, [redacted] biggest coal [redacted]

ACQUISITIONS AND DISPOSALS BY HANSON

SDH En[redacted] (1973)	
Price:	£12.2m
Disposals:	£m
[redacted]	11.0
Carlsbrook [redacted]977)	
Price:	$36m
Disposals:	$m
1977	16.0
1983	6.8
Hy[redacted] (1976)	
Price:	$32m
Disposals:	$m
1979	11.5
[redacted]	14.0
[redacted]	140.0
	165.5
Interstate United [redacted]	
Price:	[redacted]
Disposals:	$m
[redacted]	6.3
1985	[redacted]
	99.8
Lindustries (1979)	
Price:	£27.9m
Disposals:	£m
[redacted]	48.0
[redacted]	1.25
	49.25
[redacted] (1981)	
Price:	[redacted]
Disposals:	£m
[redacted]	[redacted]
[redacted]	[redacted]
McDonough (1981)	
Price:	$185
Disposals:	$m
[redacted]	[redacted]
UDS (1983)	
Price:	£260m
Disposals:	£m
1983	15.2
[redacted]	[redacted]
1989	231.7
1990	0.9
	[redacted]
USI (1983)	
Price:	$532m
Disposals:	$m
[redacted]	22.5
1985	36.4
1986	78.7
1987	24.5
Disposals:	$m
1988	1.9
1989	23.0
[redacted]	[redacted]
	[redacted]
London Brick [redacted]	
Price:	£245m
Disposals:	£m
1986	33.0
Imperial Group (1986)	
Price:	£2.5bn
Disposals:	£m
1986	1,673.0
1987	23.0
1988	554.7
1989	87.7
1990	1.6
	2,340.0
SCM (1986)	
Price:	$930m
Disposals:	$m
1986:	935.0
1987:	33.6
1988:	[redacted]
1989:	[redacted]
1990:	41.5
	1,585.1
Kaiser (1987)	
Price:	$250m
Disposals:	$m
1987	53.2
1988	[redacted]
	274.5
Kidde (1987)	
Price:	$1.5bn
Disposals:	$m
1988	411.9
Disposals:	$m
1989	71.6
1990	[redacted]
	734.2
[redacted] Anderson Restaurants (1988)	
Price:	[redacted]
Disposals	$m
1990	11.4
Consolidated Goldfields (1989)	
Price:	£3.3bn
Disposals:	£m
1989	[redacted]4.3
[redacted]	[redacted]
	2,654.05

Source: Hanson's [redacted] annual reports (Form 20-F) 1988-1990

Still limbering up for the big one

Hanson's acquisition of Beazer represents one small step. **Simon Holberton** explains what it does with the companies it keeps

[redacted] in the [redacted] – [redacted] in [redacted] mind, it was two transactions, [redacted] completed in 1986, that transformed the company.

[redacted] were [redacted] bid for the Imperial Group and its $930m acquisition of Smith Corona. In purely financial terms, they [redacted] remarkably profitable and rank as [redacted] successful [redacted] executed during the 1980s, on either side [redacted] Atlantic.

By the end of 1990, Hanson had extracted $1.6bn from sales [redacted] £2.3bn from [redacted] Imperial [redacted]. In October last year, [redacted] Govett, [redacted] of [redacted] brokers, valued SCM Chemical in the UK and [redacted] $2.3bn, and Imperial [redacted] £1bn.

Impressive as [redacted] figures are, they are not the sole, or even most important, standard by which Hanson wishes [redacted] judged. Both Lord Hanson and Lord White are stung by suggestions that they are simply superior financial engineers; they want to be judged on their ability to add value to the [redacted] they manage.

"Management. . .our greatest asset" is a statement that has graced both its 1989 and [redacted] UK annual reports. "[redacted] are an industrial management company," Lord Hanson [redacted] in *The Treasurer* in June 1987.

Key to Hanson's strategy to date has been its decision to avoid [redacted] which [redacted] heavily capital-intensive – such as steel, shipbuilding, [redacted]ear power, oil [redacted] gas. This explains why most comment concerning Hanson's

Pincer movement by Lords Hanson (left) and White (right) on ICI's Sir Denys Henderson (second left), Brian Beazer

putative bid [redacted] ICI [redacted] comes down to the likelihood of Hanson selling ICI Pharma[redacted] These [redacted] business, Lord Hanson said in 1987, "rely on huge and expensive research with a prospect of a return sometime [redacted] never".

"We are very different from the general run of major world companies in two significant respects," he wrote in [redacted] *Treasurer*. "The first is that we have elected. . .to concentrate on only two markets, over here and over there. . .The second critical difference [redacted] we are oriented to profit centres not to product."

Although a transnational in appearance, Hanson is not. Being profit, rather than product, oriented has meant that the company feels little need for horizontal diversification, especially across [redacted] Hanson is [redacted] and [redacted] wear in the US but not in the UK where it has tobacco and battery [redacted] bricks [redacted] aggregates in the UK but only cement in the US, although the acquisition of Beazer brings with [redacted] America's [redacted] largest aggregates company.

This management style also means that management struc[redacted] contained within frontiers. Both the US and UK halves of Hanson report to [redacted] resid[redacted] either New York [redacted] London.

In only one product line, titanium dioxide (SCM Chemical), does Hanson own significant assets that cross frontiers – in [redacted] case, in [redacted] US, UK and Australia – and a management structure to match. SCM is managed from Baltimore by Don Borst, [redacted] who [redacted] the company when Hanson acquired [redacted] in 1985/86. Managers who operate SCM's plants in Britain and Australia report to Baltimore.

According to Martin Taylor, deputy chairman of Hanson, since January 1986 the conglomerate has invested $350m in SCM to increase titanium oxide capacity. (SCM also uses [redacted] newer, more environmentally-friendly, method of producing the chemical.) The head count at SCM has also risen. When Hanson acquired the company it employed 2,200 people; today it employs 2,500, Taylor says. "It's a good business and we've been able to improve it," he adds.

For the past year, however, rumours have been circulating in the City that Hanson has been wanting to sell the company. Bayer has been mentioned as a [redacted]e buyer, but at [redacted] price significantly below the company's $2bn purported asking price. Taylor [redacted] adamant that [redacted] rumours [redacted] incorrect: "We have not had it up for sale," he says.

But [redacted] atypical. The "over here and over there" bias in the dominant characteristic of Hanson's strategy and management style, a style, moreover, which was underlined four years ago in an interview Lord (then Sir) Gordon White gave to the FT: "James and I agreed when we started over here [in the US] that we didn't want to be involved in any country where they didn't speak English. I sold off Ever Ready's European operations because we didn't want to be in Germany and Italy."

The typical attributes of the companies Hanson keeps, such [redacted] Imperial [redacted] are threefold. The companies usually operate in a mature low technology sector where they have a dominant or near dominant market share; they have strong cash flow; and, [redacted] have capable middle management.

The latter are usually the beneficiaries [redacted] a [redacted] known as "Hansonisation". This is a rigorous cost-cutting exercise which results in job losses – for senior managers [redacted] job opportunities for less [redacted] ones – and a claw back of investm[redacted] in plant and research and development. (This is not to say that Hanson never invests; last year capital spending was £247m, or 1.8 per cent of revenues of £13.4bn.)

[redacted] its acquisition [redacted] Imperial in 1986, Hanson has reduced the numbers employed by [redacted] while keeping output constant. Total operating costs have been reduced by 25 per cent. Despite the efficiency [redacted] and [redacted] profitability, Hanson has not been able to reverse the secular decline in Imperial Tobacco's market share. In 1985, Imperial had a UK market share of 42 per cent against Gallaher's 34 per cent share; by 1989 those positions had been reversed, with Imperial declining to 35 per cent and Gallaher's rising to 41 per cent.

Last year, Hanson spent £40m on [redacted] business, part of which went into a state-of-the-art cigarette manufacturing plant in Nottingham. This machinery should make Imperial the lowest cost producer of tobacco products in Europe.

"They [redacted] halted the decline in Imperial's market share and now appear to be rebuilding it," [redacted] Nyren Scott-Malden.

Another UK acquisition, that of Berec (renamed British [redacted] Ready) in 1981, [redacted] a copybook example of "Hansonisation". Berec[redacted]ld head office was cut from [redacted] staff and in [redacted] doing management layers were reduced from [redacted] the blue-collar workforce [redacted] cut from 3,658 to 1,061.

Hanson's attitude to investment and research is legendary – until recently capital expenditures of £500 and $1,000 had to [redacted] signed [redacted] by the chairman himself, although [redacted] limits have since been doubled – and Berec was no [redacted]erent.

Its R&D operations [redacted]Abingdon, Oxfordshire, [redacted] sold and the Tottenham facility was closed. Hanson [redacted] sold Berec's foreign operations – for £41m – but, in selling Berec's West German subsidiary it also sold the company which developed the technology which went [redacted] Ever Ready's Gold Seal battery, the company's competitor to Duracell's alkaline battery.

Hanson has reduced costs, and boosted margins since it owned Ever Ready. Last year analysts estimated that Ever Ready produced opera[redacted] profits of £45m. But it has grad[redacted]ally lost share to Duracell.

[redacted] Hanson's most ardent admirer and vigorous defender would not claim that the company has achieved its present size and level of earnings performance through "organic" growth. (In the US, neither has ICI; a lot of its growth there has been the result of acq[redacted]tion, ironically from Hanson.) Hanson has produced such startling returns because of the takeovers it has made, which have generated [redacted] steady stream [redacted] profits from disposal and profits from the early years of "Hansonisation".

[redacted] while [redacted]e process of "Hansonisation" may raise an acquired company's efficiency and profitability to a higher level in the short- to medium-term, the long-term growth that these companies – low technology, mature market, large market share – achieve tends to track general economic conditions.

With the current depressed state of the UK and, to a lesser extent, the US, it is little wonder that growth in Hanson's profits has moderated and its share price has under-performed the market. But without a major acquisition – and it is not clear that Beazer quite fits that bill – Hanson may well struggle to maintain is super-achiever status.

ARTS

Das Rheingold

COVENT GARDEN

The Royal Opera's [illegible] *Ring* staging is now complete: two cycles (plus a bonus performance of *Rheingold*) are filling out the [illegible] the [illegible] month. Full-scale *Rings* are now rather scarce commodities in London – [illegible] last [illegible] Welsh National Opera presentation [illegible] Covent Garden – and, for that reason alone, rejoicing at the return of opera's mightiest epic ought [illegible] be the communal response.

But in the face of the dismally dank time-tunnel setting devised by Götz Friedrich (producer) [illegible] Sykora (designer), rage and despair seem to me the more reasonable modes of audience reaction – on Monday they were mine, anyhow. [illegible] is, [illegible], a borrowed, [illegible] a homegrown, production: [illegible] touring *Inszenierung* from the Deutsche Oper, Berlin, hastily bought in to fill [illegible] caused by [illegible] killing-off [illegible] the planned collaboration [illegible] Yury Lyubimov and Bernard Haitink after the 1988 *Rheingold* production.

As the seasons have passed, and the Berlin cycle has been re-built in single episodes, the rashness of this decision has grown ever more obvious. At the start of a complete showing, and after witnessing for the first time the *Vorspiel*, I now think it pure folly. Taste is a personal matter, and dislike of the grey tunnel – underground garage and roadway in one – in which the whole cycle is imprisoned may not be universally shared. So the case against this production can be more generally made: its [illegible] is disastrously pinched and pinioned by [illegible] confining, enclosing limitations of the single set; and its early-1980s dramatic gestures have the texture and smell of yesterday's mashed potatoes.

The *déjà vu* feeling is the more strongly pronounced in [illegible] *Rheingold*, in [illegible] of Friedrich's [illegible] "political" business (Donner and Froh as effete sillies, Loge as part-trickster, part-professorial truth-teller in [illegible] three-piece suit, the [illegible] stamping like clog-dancers, the entry into Valhalla a tranced [illegible] cotillion) were made familiar [illegible] the producer's previous *Ring* in the [illegible]

The [illegible] is that the earlier Friedrich conception argued its (sometimes agitprop comic-strip) [illegible] with breathtaking panache [illegible] technical virtuosity; [illegible] ideas not only [illegible] but developed in such theatrically cramped, inhospitable conditions [illegible] for [illegible] wretchedly [illegible] exchange. [illegible] wheezes and squeaks [illegible] the [illegible] in [illegible] opera's early stages [illegible] urgent attention – and [illegible]haps the ministrations of an oil-can?

Most of the flickers of energy in Monday's performance were registered down in Nibelheim. The subterranean setting is appropriate, at least; [illegible] jokes [illegible] neon lighting and television-screen technology [illegible] neatly relayed; and, [illegible] of all, [illegible] were bitingly [illegible] of Mime [illegible] Alexander Oliver (much more confi[illegible] in [illegible] since his [illegible] *Siegfried* debut) [illegible] from Ekkehard [illegible] The latter, [illegible] ringing clarity, [illegible] signature [illegible] a genuine [illegible] vitality, [illegible] the [illegible] cycle: on [illegible] stage other[illegible] people by (mostly admira[illegible]) singers diminished by [illegible] setting, Mr [illegible] the [illegible] of [illegible] character.

He [illegible] in [illegible] Dernesch's stately, eloquent [illegible] the giants of Gwynne [illegible] (a beautifully lyrical, romantic Fasolt) [illegible] Franz-Josef Selig. [illegible] contrast, [illegible] magnificent voice [illegible] musically responsive style [illegible] experience grows no grander, [illegible] verbally penetrative. [illegible] Riegel, an intelligent artist, fusses horribly [illegible] Loge's music (and to [illegible] continuously disagreeable). Anne Gjevang's Erda, smoothly sung, trips [illegible] an ageing hippie; [illegible] roles of Freia, Donner [illegible] Froh [illegible] for almost nothing. In spite [illegible] competent singing by Deborah Riedel, [illegible] Maxwell [illegible] Kim Begley.

The phosphorescent combi[illegible] of spectacle, debate, comedy and once-upon-a-time story-telling [illegible] make [illegible] *Rheingold* [illegible] most enjoyable of [illegible] sorely lacking from Monday's show. Bernard Haitink, though [illegible] conducting continues [illegible] single greatest strength of the whole enterprise, seemed unable to supply it [illegible] the pit alone. There [illegible] huge [illegible] the musi[illegible] performance – excellent playing (particularly clean, [illegible] and wind), [illegible] always striking appreciation of detail, cogent [illegible] architecture, chivalrous concern for [illegible] – yet it [illegible] not until [illegible] arrival in [illegible] I modulated from [illegible] detached appreciation of executive virtues to something [illegible] involvement. No [illegible] later *Ring* episodes will bring [illegible] full the Wagner conductor [illegible] have already learned [illegible]

The giants, sung by [illegible] Selig and Gwynne Howell, with [illegible] Freia [illegible] Deborah Riedel

Max Loppert

Saito Kinen Orchestra

ROYAL FESTIVAL HALL

The Japan Festival [illegible] poised [illegible] embrace British arts-lovers with [illegible] hug of [illegible] wrestler. It must [illegible] difficult [illegible] how to open [illegible] festival [illegible] vast in its physical bulk as this one and the organisers must [illegible] pleased that their [illegible] for the first orchestral [illegible] turned *out* [illegible]

The Saito Kinen Orchestra impressed [illegible] when it [illegible] year and Monday's [illegible] no slip in [illegible] A single Japanese morsel was [illegible] menu that other European [illegible] will be served on the tour. Takemitsu's *Requiem for Strings* probably seemed an [illegible] opener [illegible] it [illegible] a point [illegible] Japanese and Western musical styles meet (a substantial retrospective [illegible] Takemitsu's music at the Barbican [illegible] one of [illegible] festival's main attractions). But this score belongs firmly [illegible] Western [illegible] the [illegible] and [illegible] yearning spirit [illegible] reminiscent more of Mahler than anybody [illegible]

[illegible] main reason for including it, [illegible] from giving [illegible] polite nod to the Japanese theme, will have [illegible] opportunity [illegible] short piece provided [illegible] Saito Kinen's string players [illegible] shine. [illegible] a [illegible] more European [illegible] than there [illegible] before, notably in [illegible] wind section, but it [illegible] still [illegible] orchestra's glowing strings [illegible] glory.

As on [illegible] last visit, the orchestra came primarily [illegible] play Brahms under Seiji Ozawa. This [illegible] the symphonies [illegible] the Second and the Third, but both the overall warmth of the sound and initial doubts [illegible] the conduc[illegible] part in the proceedings were just [illegible] remembered [illegible]

The evening [illegible] slowly. The Third Symphony passed by with nothing beyond [illegible] excellence [illegible] the playing to involve the listener, until Ozawa whipped up [illegible] pace in [illegible] finale, a recurring feature which [illegible] started [illegible] look like part of his game-plan. But after [illegible] interval the Second Symphony was quite another matter. Instead of individual lyrical phrases [illegible] outbursts from the brass catching the attention, here was [illegible] fully thought-through performance, sweeping the imagination [illegible] with the impassioned delivery [illegible] the [illegible] given [illegible] nothing better.

In every way this was music-making [illegible] lived up [illegible] the [illegible] The [illegible] the [illegible] Kinen Orchestra only come together for [illegible] few [illegible] in the year and so each appearance by them [illegible] a cachet [illegible] genuinely warrants the festival tag.

Richard Fairman

Poetry in performance

In [illegible] the vast, bare stage of the Commonwealth Institute's Great Hall: [illegible] Indian carpet. [illegible] on [illegible] pet, Robert Bly, portly, [illegible], squats cross-legged on a cushion, flanked by Marcus Wise on [illegible] sitar (two serious, [illegible] boys [illegible] Indian dress) for [illegible] evening of [illegible] Indian poetry [illegible] Bly looks quintessentially Bly: open-weave waistcoat; brilliant peacock cravat. [illegible] face, florid, fleshy, benign [illegible] a [illegible] luxuriant snow-white hair, [illegible] banker's; but [illegible] voice [illegible] a mid-western drawl, singularly tuneless. [illegible] shoes.

Once upon a time, Bly [illegible] alone – [illegible] he found the experience "very dry." Then [illegible] read to the accompaniment of the dulcimer – which he couldn't play. [illegible] he [illegible] of ceremonies. [illegible] evening [illegible] of [illegible] exploration [illegible] soul. Bly [illegible] poems by Kabir, Rumi, Maribai (15th and 16th century masters): short, ecstatic pieces that [illegible] bridge across from [illegible]scious to the unconscious mind. The ghostly [illegible] wails thinly; the tablas plink and pock; and above it all Bly's voice rides high, jocular, commanding, a relentless, sacred [illegible] profane love-machine [illegible] often descends into gorgeous Americana: "You play the [illegible] well, [illegible] I love your swing [illegible] and your [illegible] locks."

Bly's body rocks [illegible] and forwards, but [illegible] most expressive part of him [illegible] the [illegible] – windmilling, weaving in [illegible] air, circling like [illegible] pistons [illegible] train: fists beating on [illegible] knees. And [illegible] fingers: twitching, twirling, fluttering, flitting about, casting spiritual spells.

But it is [illegible] Gulati's classical Indian dancing that brings [illegible] poetry alive, helping [illegible] to understand – by a sudden, [illegible] fearful rapture in her huge, kohl-ringed eyes, [illegible] she [illegible] and judders her ankle[illegible] – how [illegible] Sufi mystics could speak [illegible] spiritual and carnal ecstasy almost in the same breath. As Maribai said and Bly intoned [illegible] her: "All I [illegible] doing [illegible] breathing/ And [illegible] dancing [illegible] came by my house."

★

George Macbeth gave [illegible] virtuoso performance, both [illegible] chairman [illegible] poet, [illegible] the third [illegible] Poetry Festival [illegible] There [illegible] Yeat[illegible] panache about Macbeth. The [illegible] marvellously [illegible], swashbuckling – from [illegible] stiff, upturned collar to [illegible] wrists; from [illegible] brilliant, polka-dotted waist[illegible] flamboyant cre[illegible] flourish [illegible] his neck. He might even be [illegible] delightful curiosity out of Tenniel's [illegible] in [illegible] way [illegible] lank, grey hair [illegible] to be finger-combed forward [illegible] wildly blown apart to reveal that mischievous, grinning [illegible] of his with its [illegible] splayed [illegible] And the voice is [illegible] continuing extension of his [illegible] fanciful [illegible] of himself, swooping, grumbling, rumbling, like [illegible] heavy vehicle moving across [illegible] ground. It sounds like [illegible] mannered, drunken, deeply cultivated [illegible] – but the man is [illegible]ly sipping [illegible] It is pure sound in its [illegible]tions – irrespective of [illegible] meanings that the words may wish [illegible] convey. It [illegible] suddenly [illegible] word and [illegible] reason.

I wonder [illegible] I listened whether the language really deserved such playful violence. The words on [illegible] page [illegible] plain and sadly quiet, innocent and unadulterated when we come to [illegible] at [illegible] later – not half [illegible] long [illegible] half so affecting [illegible] by that rolling, rollicking [illegible] voice. [illegible] end [illegible] reading, Macbeth recited [illegible] poem entitled "Lady M" [illegible] *Trespassing*, a collection pub[illegible] since he settled in Ireland in 1988. It is a Yeatsian poem, indeed, all incantation. "In a way, I see myself becoming a sort of belated Laureate of the Irish Ascendancy," he told us with a mock flourish. This technically various, copious [illegible] could [illegible] that, too.

Michael Glover

TELEVISION

Riots, streetwise comedy – and a touch of class

It is ironic [illegible] title of [illegible] not [illegible] George [illegible] character, Arthur Daley, but [illegible] Terry McCann, [illegible] boxer played by Dennis [illegible] In [illegible] Thames TV [illegible] role for Waterman when *The Sweeney* came to an end and he no longer had regular employment as John Thaw's sidekick in the Flying Squad. Instead he became [illegible] Cole's sidekick in [illegible] London sub-culture, one which [illegible] been familiar to Mayhew: [illegible] drinking clubs, tarts with hearts of gold [illegible] on. But the series became Cole's personal property, and Daley – the cowardly spiv, with a bossy wife who was never seen ('Er Indoors) and a lovely line in malapropisms ("'Ow would you have fared in the blitz with bombs rainin' dahn from the Lufthansa?" he [illegible] week) – slowly became [illegible] of [illegible] known characters on British television. [illegible] was extended by a long sequence of commercials for a building [illegible] in [illegible] continued to play [illegible] Daley character. When [illegible] left, convinced that typecasting as the dimwit was stunting his [illegible], [illegible] assumption [illegible] that, having [illegible] series, Thames really would [illegible] this time. But with close on 60 [illegible] buyers for the programmes they [illegible] even Waterman's departure, [illegible] the unknown Gary [illegible] as [illegible] sidekick, nephew Ray Daley, and carried [illegible]. And, embarrassing as it may be for Waterman, McCann's absence [illegible] out [illegible] irrelevant. [illegible] the heart [illegible] the other attractions [illegible] the seedy [illegible] locations, the comedy, and [illegible] cockney argot. [illegible] only [illegible] scripts. Where [illegible] and interesting, [illegible] scripts now seem [illegible] rely [illegible] entirely on exploiting known [illegible] "story" [illegible] of little more than Arthur [illegible] lift [illegible] of the [illegible] that he and Ray had burgled in order to *replace 150 cases* of corked wine. Thin stuff, though the programme was still undeniably entertaining.

★

Meanwhile, the BBC1 "comedy" series in which Waterman now stars, *On The Up*, is a disappointment which cannot be disguised even by the canned applause which is poured so thickly over it. We all know that exchanges such as "I don't want to sound prurient but I wish I was a fly on that bedroom wall" – "You'd hiccup and fall off" do not incite gales of hysterical laughter, and creating them artificially fools only the very credulous. Joan Sims has fun as Mrs Wembley, but [illegible] is wholly unconvincing as the self-made cockney millionaire.

★

Did you hear about the riot in [illegible] so violent that [illegible] number [illegible] students were killed and the university was closed. Of course that was 637 years ago, in 1354, when rioting was the real McCoy. On that occasion the rioters used swords and daggers and even longbows. One day we shall turn on our televisions on a sweltering summer evening to watch a riot discussion involving politicians, clergymen and sociologists and not one will [illegible] can you expect after [illegible] decade [illegible] 'gimme-gimme' Thatcherism?". [illegible] one will [illegible] longer [illegible] parents". [illegible] will [illegible] no talk about unemployment, racism, or comprehensive schooling.

Instead somebody will point to [illegible] similarities between rioting [illegible] morris dancing: [illegible] with centuries of tradition behind them, both popular all [illegible] England, both offering young men with [illegible] to fight an outlet for male [illegible]sion, almost always [illegible] long, hot, boring [illegible] evenings. Somebody else will suggest [illegible] we take a [illegible] out of the [illegible] of [illegible] *O'Clock News* [illegible] cut their goolies off, or we learn [illegible] con[illegible] these riots as [illegible] we can" to [illegible] the next speaker will [illegible] "That's right because [illegible] tiny minority of youths would still riot [illegible] if everyone [illegible] given a Golf GTi on [illegible] 17th birthday". The chairman will wind [illegible] by declaring "Surely [illegible] should all stop pretending there's anything in [illegible] least unusual [illegible] mystifying [illegible] it". Whereupon viewers [illegible] over [illegible] country [illegible] their old [illegible] sofas in [illegible] dead faint.

★

Something close to [illegible] happened [illegible] Saturday evening when not one network, not two, but three – simultaneously! – contrived to [illegible] longish programmes [illegible] considerable interest [illegible] the non-moronic. [illegible] accustomed are we to [illegible] wasteland of [illegible] Saturday schedules that this caused quite [illegible] shock. First Channel [illegible] began [illegible] *Night* [illegible] *Japan* as a curtain raiser [illegible] the nationwide Japan Festival. Being [illegible] those who prefer their Japanese culture mysterious, and have no desire to see it [illegible] thoroughly integrated with English culture, and having, in any [illegible] had Japanese television ruined for [illegible] by [illegible] James, I [illegible] pretty short [illegible] and moved [illegible]

They were just beginning [illegible] *Pop* [illegible] opening [illegible] Royal Academy exhibition [illegible] the occasion for a two-hour up-summer [illegible] pop art. It seemed a slight pity and yet no [illegible] surprise [illegible] the most informative and entertaining element was a repeat of [illegible] 29-year-old *Monitor* programme on Peter Blake, [illegible] Bosh[illegible] others. The visit [illegible] RA itself proved that [illegible] still [illegible] covered [illegible] satisfactory way to [illegible] art exhibitions. George Melly, Sarah [illegible] are all good critics, and Melly is invariably amusing, but sending the [illegible] round an [illegible] together is not [illegible] help to a television viewer. The agedness (or [illegible] absence through death) of one's youthful heroes was shocking, but the modern interviews with people such as Richard Hamilton [illegible] fascinating. For 25 [illegible] who [illegible] bothered to [illegible] art?

BBC1 in the [illegible] time actually seemed [illegible] have become some sort of pop art icon: the overhead fish-eye shot of all those Union Jacks (all right, Flags) waving for *The Last Night Of The Proms* could [illegible]ily have been something painted by [illegible] in 1961. And [illegible] Gwyneth Jones came out for "Rule Britannia" in full regalia – huge brass helmet, trident [illegible] shield – [illegible] was multiplied, though you might have hoped she would know the words and [illegible] need to crib them off the inside of her shield. [illegible] is no good, [illegible] longer, objecting to the awful jingoism of [illegible] like Guy Fawkes night [illegible] an [illegible]sion *sui generis*, the rationale for [illegible] was long [illegible] forgotten. Thanks to [illegible] it [illegible] good television [illegible] year.

★

BBC1's preceding [illegible] *Of Elliott*, [illegible] in a [illegible] catalogue of [illegible] dramas. [illegible] extraordinary [illegible] go to such lengths [illegible] authenticity of trains, hats, furniture, newspapers and goodness what [illegible] in this production and yet to cast in [illegible] of the two principal [illegible] (Evie) an actress (Louise Lom[illegible]) [illegible] such an unmistakeably [illegible] century [illegible] Are producers [illegible] directors now so [illegible] they simply [illegible] what [illegible] howler it is to perpetrate this obvious anachronism after taking such [illegible] trouble with all the other [illegible]

★

It is probably a forlorn hope but it would be nice, would it not, if [illegible] get through the rest of the run up to the general election without being [illegible] twice [illegible] night on television that [illegible] electorate [illegible] vote for [illegible] hung parliament. In the first of a new series of *Question Time* Paddy [illegible] repeatedly trotted out this [illegible] which is, surely, complete non[illegible] elector [illegible] out [illegible] for [illegible] individual, presumably in the hope that [illegible] and, it is hoped, his party, will win. "Tactical voting" may have some meaning within a single *constituency*, but the [illegible] capable of co-operating nationally to produce collectively [illegible] results [illegible] a hung parliament [illegible] fantasy. [illegible] well be the outcome, but [illegible] of us is capable [illegible] voting for it.

George Cole with his [illegible] minder, Gary [illegible]

Christopher Dunkley

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Georg Solti [illegible] the Royal Concertgebouw [illegible] in Le Sacré du Printemps and Shostakovich's First Symphony, repeated tomorrow and [illegible] (6718 345)
[illegible] **van Bertage** 20.15 Hartmut Haenchen conducts [illegible] Netherlands Philharmonic [illegible] in [illegible] by Berwald, [illegible] and Beethoven, with mezzo-soprano Jard [illegible]. Sun: [illegible] Delogu [illegible] National Youth Orchestra [illegible] programme of Brahms, [illegible] (6270 466)
Muziektheater 20.15 Dutch National Ballet in [illegible] by Hans van Manen, Toer van Schayk, William Forsythe [illegible] Balanchine. Tomorrow and Sun: Mazeppa. Fri, [illegible] and [illegible] Tues: Nederlands Dans [illegible] (6255 455/credit card bookings [illegible] 211)

BERLIN

Deutsche Oper 20.00 Giselle, production by Peter Schaufuss (West [illegible] 3410 [illegible])
Staatsoper unter [illegible] **Linden** 19.00 Lothar Zagrosek [illegible] fan tutte. Tomorrow: Der Freischütz (East Berlin [illegible])
Schauspielhaus [illegible] Shallon [illegible] Berlin Staatskapelle in [illegible] Symphony [illegible] G major Piano Concerto, [illegible] Grimaud. Tomorrow, Fri and [illegible] Ferdinand Leitner conducts Berlin Symphony [illegible] Berlin 2272 [illegible]

BONN

Oper [illegible] Ivan Anguelov [illegible] Graham [illegible] production [illegible] led by Jean-Philippe Lafont, Luigi [illegible] and Alejandro Ramirez. [illegible] (773667). Tomorrow in the Beethovenhalle: Dennis Russell [illegible] Debussy's [illegible] à l'apres-midi d'un faune, Isang Yun's [illegible] Concerto (1990/1) [illegible] Heinz Holliger, and Brahms Double [illegible] Liviu Casleanu and [illegible] Brunnert (773666)

CHICAGO

Lyric Opera [illegible] Bruno [illegible] Robert Carsen's production [illegible], with [illegible] led by Samuel Ramey, Aprile Millo and [illegible] Johnson. Further performances on [illegible] 21, 24, 27, [illegible] 4, 7 (332 [illegible])

FRANKFURT

Alte [illegible] 20.00 [illegible] Chamber Academy directed from [illegible] violin by Tatiana Grindenko in a programme of music by Lully, Telemann, Vivaldi [illegible] others. Tomorrow [illegible] Fri: Semyon Bychkov [illegible] Frankfurt [illegible] Symphony [illegible] (1340 400)
Kammerspiel [illegible] Strindberg's [illegible] Julie. Fri, Sat, Sun at [illegible] Depot: new production [illegible] Iphigenie auf Tauris [illegible]
English [illegible] The [illegible] by [illegible] Maugham, [illegible] by [illegible] Harvey. Daily except Monday [illegible]

THE HAGUE

[illegible] 20.15 [illegible] presents [illegible] by Jiri Kylian, including [illegible] new [illegible] A [illegible] of [illegible] programme can [illegible] tomorrow, [illegible] the Amsterdam [illegible] on Fri, [illegible] and next Tues, [illegible] Wed [illegible]

LONDON

MUSIC AND DANCE
[illegible] City Ballet production [illegible]. Tomorrow: triple bill. Fri and [illegible] Sleeping [illegible] (071-278 [illegible]) [illegible] Guido Ajmone-Marsan [illegible] Auvray's production [illegible] La bohème, with Vivian Tierney as Mimi, Joseph [illegible] as Rodolfo [illegible] Opie [illegible] Marcello, repeated [illegible]. Tomorrow: Werther. Fri: Billy Budd (071-836 3161)
Royal [illegible] **Hall** [illegible] Giuseppe Sinopoli [illegible] Philharmonia Orchestra in Mahler's First Symphony and Beethoven's Piano Concerto [illegible] 5, with Andre [illegible]. Tomorrow and [illegible] Previn [illegible] the [illegible] (071-928 [illegible])

THEATRE
● The [illegible] Tale: David [illegible] Shakespeare's play [illegible] Trevor Eve as Leontes, [illegible] Fenton as [illegible] Brian [illegible] as Polixines. Runs till Oct 19 (Young Vick [illegible] 6363).
● The Comedy of Errors: a colourful, [illegible] Royal Shakespeare Company production [illegible] by Ian Judge. Tonight, tomorrow, Fri and [illegible] are the final performances of the production's current run (Barbican [illegible])
● Troilus [illegible] Shakespeare's caustic vision [illegible] love and war staged by [illegible] Mendes, with [illegible] cast led by Ralph Fiennes and [illegible] Runs till Sat. No RSC performances [illegible] Mon, Tues [illegible] Wed next [illegible] (The Pit 071-638 8891).
● [illegible] ticket information [illegible] all West End shows, phone [illegible] from anywhere in [illegible] UK: Plays 0836 [illegible] 0836 [illegible] Comedies [illegible] 0836 430962

LYON

Lyon's first Biennale [illegible] French Music, [illegible] to the [illegible] Festival of the [illegible], opens tomorrow [illegible] Ravel, with [illegible] by [illegible] Romantique conducted by John Eliot Gardiner. [illegible] programme [illegible] of music by Méhul, Cherubini, [illegible] Berlioz. Rare orchestral [illegible] choral [illegible] by Debussy, Chausson and Caplet are [illegible] in the [illegible] on Friday [illegible] by Marek [illegible]. Michel Plasson conducts [illegible] oratorio Mors [illegible] on Saturday morning, [illegible] by [illegible] staged production of Berlioz's Béatrice [illegible] Bénédict in the evening, [illegible] a cast led by Danielle [illegible] and [illegible] Bacquier, [illegible] by John [illegible] (repeated [illegible] Wed). Among [illegible] other [illegible] taking part in [illegible] 10-day survey of French music are [illegible] Argerich, Manuel Rosenthal, [illegible] Eötvös, [illegible] Magaloff and Nelson Freire (La [illegible] Lyon, [illegible] Bellecour, 69002 Lyon. Tel [illegible])

MUNICH

Staatsoper 19.00 The [illegible] season [illegible] with [illegible] revival [illegible] August Everding's production [illegible] Die [illegible] by Heinz Fricke, [illegible] Tomorrow: [illegible] Steinberg [illegible] Halmen's production [illegible] Nabucco, with Julia Varady as Abigaille, repeated [illegible] Sun (221316)

NEW YORK

[illegible]
[illegible] 20.00 Frank Loesser's 1956 [illegible] The [illegible] Happy Fella, with [illegible] led by [illegible] Quilico, [illegible] Tomorrow: Le [illegible] di Figaro. Fri: Korngold's Die [illegible] 5570)
OFF BROADWAY THEATRE
● The [illegible] Dorothy Loudon [illegible] in a revival of [illegible] Thornton Wilder comedy, directed by Lonny Price. [illegible] Sun (Roundabout Theater, [illegible] E. 17th St., 420-1883).
● Line: Israel Horovitz's long-running play about five people who [illegible] first in line, [illegible] Wed, [illegible] Sun. In repertory [illegible] I-Land, excerpted from Sonia Picer's novel [illegible] the [illegible] of daily life in Manhattan, every Thurs and Fri (Thirteenth [illegible] Theater, 50 W. 13th St., 675-6677).
● Tony 'n' Tina's Wedding: [illegible] wedding [illegible] John's Church, 81 Christopher Street; then a reception [illegible] 147 Waverly [illegible], with italian buffet, champagne and wedding [illegible] Pasqualone and Sharon Angela are the happy couple (279-4200).
● Forbidden Broadway 1991: [illegible] Alessandrini's parody of [illegible] hits and flops [illegible] Broadway (Theater [illegible] 211 E. 60th St., 838-9090).
● Ticketron [illegible] inquiries [illegible] sells [illegible] (246-0102)

PARIS

[illegible] Darlington [illegible] Le nozze di Figaro [illegible] Jorma Hynninen [illegible] Count, [illegible] as [illegible] and Maria [illegible] as [illegible]. Further performances on Sep 20, 24, 26, 30, [illegible] 2 (4001 1616)

STOCKHOLM

Royal Opera [illegible] Royal Ballet triple bill [illegible] by Mark Ermler: Natalia [illegible] production [illegible] La Bayadère, plus [illegible] by Béjart and Birgit Cullberg. Fri: Johann Gottlieb Naumann's [illegible] opera Gustav [illegible] (1786), with a [illegible] led by Nicolai Gedda. Sat: Siegfried Kohler [illegible] Die Zauberflöte, with Solveig Kringlebotn [illegible] Pamina (248240)
Konserthuset [illegible] Kurt Sanderling conducts [illegible] Stockholm Philharmonic [illegible] in Schubert's Ninth Symphony and Strauss' Four [illegible] Songs, with Barbara Hendricks. Repeated [illegible] and [illegible] 15.00 (244130)

European Cable and Satellite Business TV

[illegible] times CET)

MONDAY [illegible] **FRIDAY**
Eurosport
0600-0630 [illegible] report
CNN
[illegible] Money[illegible]
0600-0630 Moneyline
[illegible] CNN [illegible]
1330-1400 [illegible]
2000-2030 World [illegible] - a joint FT/CNN production [illegible] of [illegible] day's major [illegible] with [illegible] Perry [illegible]
2300-2330 World [illegible] Today
[illegible] Moneyline
Superchannel
2220 - 2250 (Wed) [illegible] Business Weekly - [illegible] round-up of [illegible] news [illegible] James Bellini and [illegible] Middle-[illegible]
[illegible] 2030 (Thurs) Financial [illegible]
Sky News
[illegible] International Business Report
2130 (Thurs) [illegible] Times [illegible]

[illegible]
CNN
0600-0630 Moneyline
0900-0930 World [illegible] Today - [illegible] FT/CNN production
[illegible] Moneyweek
1900-1930 [illegible] Business This [illegible]
2110-2140 [illegible]

SUNDAY
[illegible]
[illegible] FT [illegible] Weekly
[illegible] FT [illegible]ness Weekly
2330-0030 FT Business Weekly
Sky News
[illegible] FT [illegible] Weekly
CNN
0710-0740 [illegible]
1540-1610 [illegible] Money
[illegible] Moneyweek
0040-0110 Inside [illegible]

FINANCIAL TIMES
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Telephone: 071-873 3000 [redacted] 922186 Fax: 071-407 5700
Wednesday September 18 1991

Less force, not more

EVERYONE must hope that yesterday's ceasefire [redacted] ment in Yugoslavia will hold. But no one can feel [redacted] that it will. The terms of the agreement are very similar to those [redacted] several previous ones which conspicuously failed to hold.

Two factors might [redacted] the parties [redacted] observe the agreement. One would be [redacted] hard-headed assessment of what they stand to gain or lose by further fighting. [redacted] might decide they [redacted] already achieved their main territorial objectives; [redacted] Croats, knowing they are hopelessly outgunned by the [redacted] army, might well [redacted] being completely overrun if hostilities continue. The other factor [redacted] con[redacted] that [redacted] going to [redacted].

Civilian [redacted] provide [redacted] confidence. In other conflicts [redacted] job has been done by peacekeeping fo[redacted] lightly [redacted] but wielding authority [redacted] zone. Tomorrow member states of the Western European Union will consider sending [redacted] a force to Croatia.

They should [redacted] only [redacted] asked to do so by all three parties, and convinced that there [redacted] real [redacted] on both [redacted] for the ceasefire to hold. Other[redacted] peacekeeping [redacted] will [redacted] up taking part in the war, as happened to the Multinational Force in Lebanon.

Flawed analogy

Some [redacted] what [redacted] should [redacted] Croatia, they will [redacted] as much a victim of aggression [redacted] occupation [redacted] Kuwait in August last year, and is as much [redacted] in asserting [redacted] sovereignty [redacted] recovering its territorial [redacted] rity. [redacted] analogy is flawed, and the precedent is in any case double-edged. Most of the ground fighting against Iraq [redacted] place in unpopulated desert. Even [redacted] it had [redacted] be prepared with [redacted] devastating bombing campaign, and was followed by [redacted] civil war in Iraq [redacted] surpassing in its horror anything yet [redacted] in Yugo[redacted]. Does anyone seriously imagine that the [redacted] or the WEU, is ready to inflict [redacted] kind of punishment on [redacted] [redacted] WEU troops could [redacted] in fighting in [redacted] ethnic maze of Croatia without encountering fierce resistance, and sustaining heavy casualties? Lebanon is indeed [redacted] better analogy than Kuwait.

If [redacted] cannot [redacted] defended by external force, should they [redacted] least [redacted] allowed [redacted] acquire arms so that they can [redacted] themselves? [redacted] tempting to [redacted] yes. [redacted] there can [redacted] no guarantee that [redacted] once acquired, would be [redacted] responsibly or humanely in [redacted] region already bristling with them, [redacted] both [redacted] are animated by memories [redacted] old and new, and by [redacted] for [redacted]. The more likely effect [redacted] be to prolong, [redacted] conflict. What [redacted] is [redacted] of [redacted] irregulars [redacted] the withdrawal [redacted] army. The question [redacted].

Hollow gesture

Recognising Croatia's independence, however morally satisfying, would be [redacted] gesture if not [redacted] by prac[redacted] help. [redacted] in the point [redacted] be [redacted] withdraw recogni[redacted] Yugoslavia, [redacted] which has become nothing more than a [redacted] for Serbian expansion, and [redacted] insist [redacted] no Serbian *fait accompli* will be accepted, no governm[redacted] in Belgrade recognised [redacted] long as it [redacted] force against [redacted] the former Yugoslav peoples. Neighbouring countries – notably Albania, [redacted] Bulgaria, [redacted] about Mace[redacted] independence [redacted] well known – [redacted] be firmly warned against sending troops across the [redacted].

Some economic sanctions against Serbia are already in place. An oil embargo has been suggested. It would req[redacted] UN authority. The UN Security Council [redacted] in [redacted] case be [redacted]. The [redacted] international peace and security, which is what the Security Council is there to protect, and the head of state, Mr [redacted] himself called for UN intervention. Europe, whose regional security institutions are still in an embryonic [redacted], should not [redacted] to admit, as other [redacted] done with other problems, that this one is too tough for it to solve on its own.

No bailout in housing

FEW IDEAS are [redacted] firmly and insidiously entrenched in the mind [redacted] the British popu[redacted] than [redacted] that land, [redacted] and [redacted] fail-safe investment. That [redacted] by the determined [redacted] politicians [redacted] hom[redacted] and fis[redacted] privileges. Yet suddenly [redacted] British *realpolitik* [redacted] beginning to look questionable in a period [redacted] pre[redacted] fever. Not only has mortgage [redacted] relief [redacted] trimmed; mortgage repossess[redacted] threatening [redacted] top [redacted] 100,000 [redacted] out. If [redacted] government [redacted] the [redacted] anti-inflationary credentials beyond [redacted] doubt, it is [redacted] it [redacted] growing [redacted] for yet [redacted] bailout in [redacted] housing market.

Government bailouts have, in the past, [redacted] part [redacted] the natural rhythm of the economic cycle. In the aftermath [redacted] an [redacted] expansion [redacted] money and [redacted] authori[redacted] invariably protected [redacted] by inflating their way [redacted] trouble. Moreover, while [redacted] prices fell in real [redacted] in the [redacted] and [redacted] early [redacted] was no decline in nominal prices. Homeowners continued [redacted] enjoy negative real [redacted] of interest on their mortgages and a [redacted] general illusion of [redacted] price stability.

Sacred cow

The unusual, if not unique, [redacted] of the present recession in Britain [redacted] in the [redacted] that nominal house prices [redacted] fallen sharply, with declines [redacted] up [redacted] per [redacted] in some parts of the country [redacted] regarded as [redacted]. Real [redacted] interest, far from being negative, are still, even after [redacted] cuts, at their highest level [redacted] the [redacted]. Within the exchange rate mechanism (ERM) the government's traditional way of protecting [redacted] great sacred cow [redacted] British political economy [redacted] been barred: devaluation and renewed inflation are out, just as long as disinflation remains central [redacted] the government's political platform.

The strength [redacted] the government's [redacted] being put to the test by an unprecedented and politically embarrassing [redacted] of repossessions, which are likely to worsen as unemployment [redacted]. And [redacted] is not difficult to put [redacted] case [redacted] assisting the victims [redacted] this squeeze, [redacted] Council [redacted] Mortgage Lenders did earlier this year. The present problems of the housing market [redacted]ct [redacted] macro-economic blunders. In encouraging home ownership the government conspicuously failed [redacted] educate the electorate in [redacted] implica[redacted] of [redacted] financial policies. [redacted] level it could be argued that [redacted] of confidence [redacted] housing will hold [redacted] economic recovery [redacted] accelerating [redacted] fur[redacted] undermine house [redacted] hit [redacted] building [redacted].

Mortgage cushion

The counter-case is that job[redacted] homeowners are already cushioned, [redacted] 16 weeks [redacted] work, from [redacted] inter[redacted] payments. Repossessions remain extremely [redacted] in rela[redacted] owner-occupied housing stock [redacted] 15m; the shock lies in the novelty rather than [redacted] economic signifi[redacted]. It would, in addition, [redacted] absurd to [redacted] inflicted such [redacted] swingeing [redacted] on borrow[redacted], only [redacted] throw [redacted] disinflationary benefit at [redacted] last moment. Breaking [redacted] inflationary psychology of the British housing [redacted] is an absolute precondition [redacted] kind [redacted] low-inflation, enterprise society to which the government aspires through the ERM.

This [redacted] hard on those, [redacted] bly the young, [redacted] up to 100 per cent of the over-inflated value of their homes in the late 1980s. But that merely serves [redacted] underline the ill-judged nature of past priorities in housing. People in their early [redacted] should be renting, [redacted] buying prematurely on borrowed money, [redacted] contributing to the excessive deterioration in Britain's [redacted] ratio and balance [redacted] payments in the [redacted]. There may be room for some modest humanitarian tinkering with benefits relating [redacted] repossession. [redacted] apart from killing the myth of home-ownership as a risk-free investment, the government's overwhelming pre- and post-electoral priority in housing should be the revival of the private rented [redacted].

Roland Rudd on the managerial strategy of the company bidding £703m for Racal

Williams duo face their biggest test

Mr Nigel Rudd, chairman [redacted] Williams Holdings, the industrial conglomerate which yesterday launched a hostile takeover for [redacted] Electronics, [redacted] in mischievous form. Tanned from his recent holiday in Portugal, he could [redacted] remarking how Sir Ernest Harrison, Racal's chairman, was out of [redacted] country as news [redacted] the bid was announced. "[redacted] seem [redacted] caught him on the hop," said Mr Rudd. "Oh dear, he will not [redacted] very pleased with us."

Since [redacted] Ernest was on his way [redacted] England the response to Williams's bid was [redacted] to Racal Electronics, which issued [redacted] terse one-line statement telling [redacted] shareholders not [redacted] do anything until further notice. Yesterday was undoubtedly Mr Rudd's day. But [redacted] he was the first [redacted] admit, his offer [redacted] three new Williams shares for [redacted] Racal Electronics shares – valuing the company at £703m – is likely [redacted] rejected by [redacted] Ernest. The takeover [redacted] only just begun.

Mr Rudd believes that, notwithstanding [redacted] dearth [redacted] hostile bids, there is nothing out [redacted] ordinary in [redacted] industrial conglomerate launching [redacted] hostile takeover – [redacted] if its target is worth just over a third of its own £2bn-plus market capitalis[redacted] Rudd and his partner, Mr Brian McGowan, chief executive, have come a long way in the past nine [redacted] – growing [redacted] become a group with international [redacted] ranging from defence to fire protection and [redacted] security [redacted] engineering.

In February 1982, from [redacted] pair bought a majority [redacted] in [redacted] Mr [redacted] now calls [redacted] "awful little [redacted] losing money" [redacted] Holdings for [redacted]. At first, they concen[redacted] building up [redacted] through acquisition. They bought [redacted] ships, to build [redacted] an earnings stream, and acquired foundries. Williams was [redacted] into [redacted] bull market, [redacted] acquisitions grew the City began [redacted] take more notice of the pair.

The [redacted] when they decided to acquire the Midland scrap [redacted] J&HB [redacted] in [redacted] Williams [redacted] of assets and [redacted] borrowings compared to Jacksons' £20m of assets and £8m of cash. Mr McGowan [redacted] determined not [redacted] huge sums [redacted]. "I do [redacted] like debt – that is the way to to go bust". Thus [redacted] bid, worth £30m, was in shares.

It was a technique Williams [redacted] more recently [redacted] much [redacted] deals: its [redacted] all-share [redacted] in March for [redacted] and Valor, the [redacted] rity products company, and yesterday's [redacted] for Racal Electronics.

Fear of debt [redacted] been a constant theme. [redacted] was [redacted] which prompted [redacted] of [redacted] Crown Berger paints [redacted] in May [redacted], wiping [redacted] Williams's borrowings.

[redacted] company point to [redacted] 1982 and 1989 [redacted] produced continuous profit growth. Recession [redacted] for [redacted] 14 per cent fall in taxable profits in 1990 but by August of this year the [redacted] reported [redacted] thumping profit [redacted] June.

However, [redacted] Rudd and [redacted] had their critics. In the mid-1980s [redacted] duo [redacted] accused, [redacted] like [redacted] being profit [redacted] earnings strippers: buying [redacted] cheaply, digesting [redacted] profits but doing [redacted] organic growth.

According to Mr Rudd, [redacted] critics [redacted] proved wrong [redacted] Williams [redacted] improve [redacted] profits and margins [redacted] it acquires. "We [redacted] not inter[redacted] in just stripping [redacted] earnings," said Mr Rudd. "We [redacted] interested in running businesses. [redacted] encourage management [redacted] the company. They [redacted] willing [redacted] flog themselves for you if they know [redacted] personally [redacted] to the business. I seem to have an ability [redacted] people to work for me."

[redacted] high degree [redacted] management autonomy [redacted] by performance[redacted] bonus schemes which can account for more than [redacted] third of [redacted] salaries. [redacted] decentralisation is tempered by [redacted] refusal to accept failure. Mr Rudd warns: "I have to be absolutely [redacted] if they fail."

[redacted] Williams [redacted] the group's recent results as evidence [redacted] their management skills: apart from the overall profit increase, operating margins on retained [redacted] rose from 15.5 per cent to 17 per cent cent – one of the highest margins of any sizeable UK quoted company.

Mr Rudd and Mr McGowan comple[redacted] and optimistic, enjoys chatting on the factory floor, but would not interfere with operating decisions. Mr McGo[redacted] who says he loathes cocktail parties, is the organiser who likes "to make things happen".

Mr McGowan is confident of making things happen again Racal. Williams's management, which has just been restructured to take account of the recent acquisition of Yale and Valor, would be reorganised again if its bid for Racal is accepted. Williams could also be forced by the Office of Fair Trading to sell parts of the Racal Chubb retail business because of its strength in that market through its recent acquisition of Yale and Valor.

As to what will happen next, Mr Rudd will only say he is waiting until his "Williams hit squad", led by the group's managing director, Mr Roger Carr, has assessed Racal's businesses. Mr Rudd has less information to give about the business because, since this is not an agreed bid, he has obviously not been able to inspect the company he wants to buy.

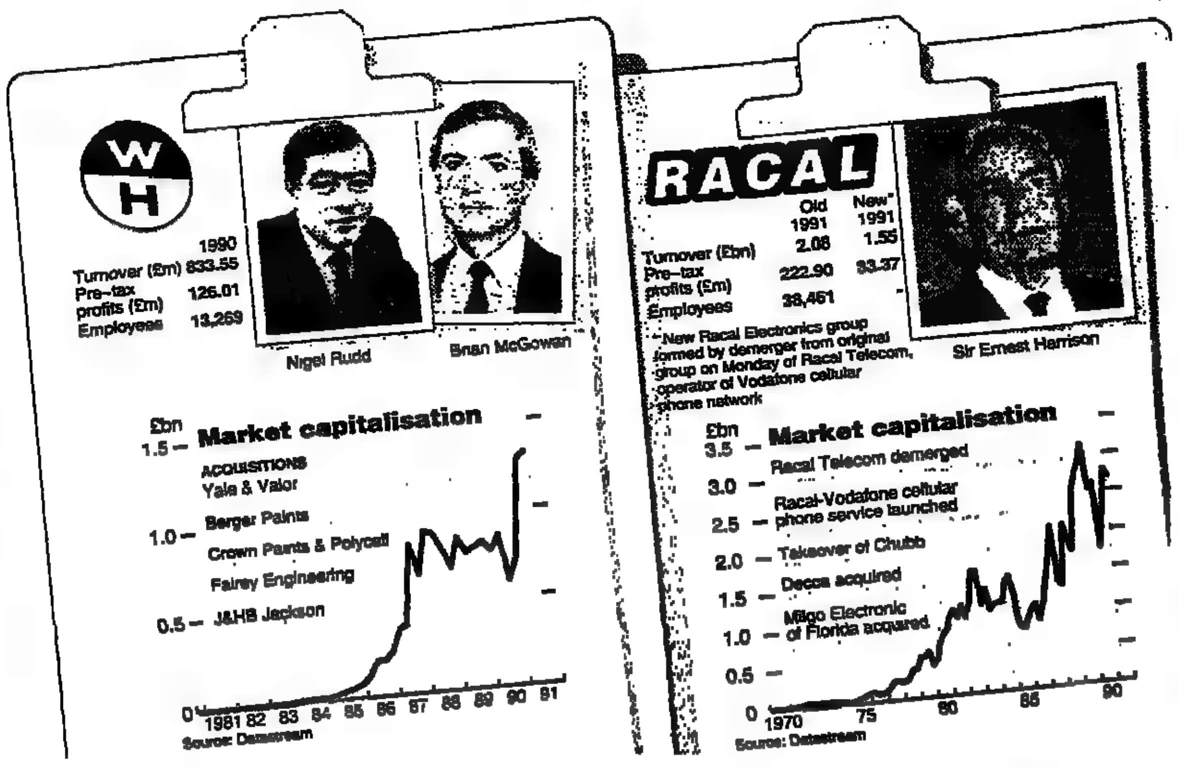
Williams has only ever made two hostile bids. Both failed. It pulled out of its bid for McKechnie Brothers, the UK plastics and metals group, in 1986, after McKechnie's board persuaded its shareholders to support its own bid for the Midlands building products business, Newman Tonks; Williams had made a rejection of the bid for Newman a condition for proceeding.

In 1987 it came within a whisker of acquiring Norcros, the building, printing and retailing group, but failed to gain control as a result of its aggressive tactics: it brought its final closing date forward by a month, thereby truncating the whole bid period to five weeks. When the bid expired Williams owned or had received acceptances for 48 per cent of Norcros's shares.

Williams has learned its lesson from that battle. "I think you would have to be pretty brave to try that again," said Mr McGowan.

But the fact that Williams does not intend to set a deadline for its current offer does not mean it is willing to raise the bid or add a cash element for Racal Electronics. Mr McGowan is adamant that the conglomerate will not be pushed into overpaying for Racal. "In the heat of the moment, when you want to acquire another company, it is easy to get carried away," he said.

On the other hand, neither he nor Mr Rudd is prepared to contemplate failure in their latest bid. Although they maintain that that they do not need it to boost profits, they know that if they really want Racal they may have to pay more for it. The question is: will Mr McGowan be able to resist the temptation to pay over the odds.



Electronic growth waves

Guy de Jonquières and Richard Gourlay on Racal's progress

If Margaret Thatcher [redacted] mental model [redacted] the mould-breaking entrepreneur, [redacted] might well [redacted] Sir Ernest Harrison. In his 25 years as head of Racal Electronics, he has steered the company into one [redacted] growth business after [redacted], thanks [redacted] shrewd opportunism and an ability to back vaulting ambitions with [redacted] selling drive.

But he never fully managed to dispel the suspicion that he was more salesman than industrialist. Despite sweeping [redacted], he failed [redacted] build the kind [redacted] industrial base [redacted] create the number of jobs that would have cemented his [redacted].

The son of a London docker, he has [redacted] worried [redacted] trampling on convention. Indeed, he has seemed to delight in ruffling the industrial and financial establishments with a brash pride in Racal's achievements which often verges on arrogance.

The City has responded equivocally. Many analysts have questioned how much substance lay behind [redacted] hype, particularly since the [redacted] seemed [redacted] momentum in the late 1980s. [redacted] in [redacted] halcyon days, particularly the 1970s, their fulsome recommendations helped power the company's shares to dizzy [redacted].

Racal employees, by contrast, have never [redacted]ubts. Sir Ernest's pugnacious style and his evangelical addresses to his troops – coupled with a prodigious enthusiasm for corporate hospitality – have earned him unshakeable loyalty.

An accountant by training, he joined Racal [redacted] 1951, when [redacted] had 12 employees, becoming chairman in 1966. Two years later, Racal acquired Controls and Communications, [redacted] small UK [redacted] communications business, paving its entry into the [redacted] military [redacted] business.

Racal concentrated on supplying huge volumes of basic equipment to developing countries, mainly in [redacted] Middle East. [redacted] meteoric success was reflected in soaring profits and several Queen's [redacted] for exports in [redacted] 1970s. Early in Mrs Thatcher's premiership, Harrison [redacted] rewarded with [redacted] knighthood.

Well [redacted] military radio sales peaked, [redacted] was charting Racal's next growth phase, in data [redacted] equipment. Using US acquisitions [redacted] a springboard, [redacted] rode the booming market for inter-company computerised communications until increased competition and technological [redacted] drove the profit out [redacted] the business.

Racal's third big growth period began in 1983, when it won a licence [redacted] build and operate [redacted] nationwide cellular telephone network in [redacted]tition with British Telecom. The profitability [redacted] cellular telephone systems exceeded all expectations. [redacted] Voda[redacted] £3bn capitalisation bears [redacted] ness – though [redacted] forecasts [redacted] it would [redacted] many manufacturing jobs were never fulfilled.

Racal also [redacted] UK takeovers – of Decca, [redacted] defence elec[redacted] company, in 1980, and of Chubb, [redacted] company, in 1984.

Though sometimes derided as a super-salesman who invested little in research, Sir Ernest has shown a sure knack for spotting emerging ap[redacted]tions for electronic technology. Not all [redacted] paid off: Racal's much-trumpeted diversifications into marine oil exploration techniques and computer-aided design came to little.

[redacted] why Racal [redacted] have failed was that Sir Ernest and his management team [redacted] too much time [redacted] the [redacted]ccessful [redacted] business, denying the other businesses the attention they needed.

[redacted] failures served only [redacted] increase the [redacted] between Sir [redacted] of Racal and [redacted] City's. [redacted] late 1990, he was deeply frustrated with what he saw as the mar[redacted] consistent undervaluation [redacted] the non-Vodafone parts of Racal. So low had the value of these parts sunk that speculation about a bid for the company surfaced again.

Sir Ernest's solution, after a hastily convened board meeting last November, was to embark on one of the biggest corporate demergers.

The original plan included distribution to shareholders of Racal Electronics' stake in Racal Telecom, the operator of the cellular phone network; flotation of Chubb, the security and locks business; and a management buy-out of the "rump" that was left. But as the complexity of such a demerger emerged, Sir Ernest had to reduce its scope sharply.

Shorn of the buy-out plans and the difficult Chubb flotation, the only question was how investors would value the Racal "rump".

As the rise in the share price showed ahead of the demerger on Monday, Sir Ernest's decision has been vindicated as [redacted] move to lift [redacted] value. A company the [redacted] implicitly valued [redacted] next to nothing a year ago, yesterday attracted a bid worth £703m. But the demerger also triggered the very bid Sir Ernest had been trying to avoid.

Diplomatic rebound

■ [redacted] in the [redacted] Union have taken [redacted] in the [redacted] month. Among the most surprising [redacted] the news [redacted] due [redacted] arrive in [redacted] from [redacted] night – apparently [redacted] resume his [redacted] job as [redacted] Ambassa[redacted] – was none [redacted] than [redacted] Zamyatin.

Zamyatin left the UK at the [redacted]nd of August under something [redacted] a cloud. On the morning after the coup, he suggested rather publicly [redacted] it might [redacted] and that [redacted] was indeed not well. [redacted] attempts to deny this were [redacted] very [redacted]cessful, largely [redacted] of [redacted] tape recordings of what he had said.

As [redacted] former press spokesman for President Brezhnev, Zamyatin was [redacted] London in [redacted] by [redacted] an honourable [redacted] of exile. But [redacted] was no [redacted] that he always kept [redacted] with his old friends at home, so his apparent support for the coup was no [redacted] surprise; nor, therefore, his recall [redacted] later.

There was a lot of mystery last night [redacted] why [redacted] was returning, and [redacted] how long. The foreign office, diplomatically, could only confirm [redacted] was coming back, which was [redacted] than [redacted] British [redacted] in [redacted] apparently knew a [redacted] hours [redacted].

But it is understood (as they say in the diplomatic trade) that when Douglas Hurd was in Moscow with Gorbachev and new foreign minister Boris Pankin, he expressed hopes that a new ambassador would [redacted] in place sooner rather [redacted] later. Pankin would perhaps have been sympathetic to this idea, since he had been plucked from [redacted] relative obscurity of the embassy in Prague ostensibly [redacted] the grounds [redacted] he had publicly spoken [redacted] against the coup.

At the Soviet embassy, [redacted] Zamyatin's departure had [redacted] without the sinking [redacted] glass, [redacted] was diplomatic [redacted] perhaps [redacted] is coming [redacted] briefly, just to pack up. Then again, softly slipping away [redacted] in Zamyatin's character.

OBSERVER

Right on

■ The best time for a coup is when th[redacted] figure to be toppled is on an overseas trip. So this might not have been the wisest [redacted] Ruth Richardson, [redacted] hardline finance minister, [redacted] Europe and [redacted] US.

[redacted] dismantling [redacted] the [redacted] in popularity ratings dipping to a [redacted] 17 per [redacted] the governing National Party. Her [redacted] is [redacted] for [redacted] unemployment – 10 [redacted] cent – and waves [redacted] business [redacted].

In London this week, she told the Institute of Directors that, now her policies were active, she had two [redacted] and two months "to [redacted] politics right." The party has to go to [redacted] country again in 1993.

[redacted] party may well have time; but perhaps she may not. The indications are Prime Minister Jim Bolger may be planning to use her [redacted] to get the politics right – by [redacted] cabinet [redacted].

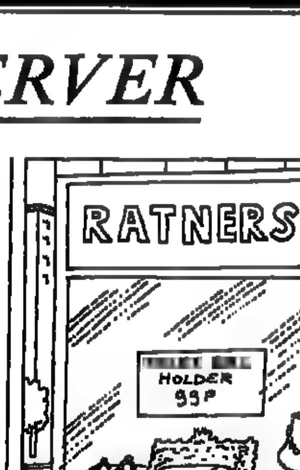
Strong swimmer

■ Within every low-key story is a cornucopia of interest. Ray Parsons, long in the tooth but still [redacted] executive chairman of Bowthorpe Holdings, the [redacted] and electrical components manufacturer, [redacted] retiring at the [redacted] this year. Today he is due to present his [redacted] set [redacted] interim results.

Nothing [redacted] startling there, except that [redacted] been with Bowthorpe 55 years, joining it at age 15 when [redacted] company was [redacted] up by Jack Bowthorpe, in [redacted]. [redacted] was [redacted] first employee. Moreover, under [redacted] careful eye, Bowthorpe has registered 15 continuous [redacted] record profits. 1988's pre-tax profits stood at a healthy £40.1m.

Managing director John Westhead has [redacted] Bowthorpe's [redacted] niche marketing, effectively ruling [redacted] heavyweight competition, as "walking at the feet of the elephant". Tony Vice, director of Rothschilds, is chairman designate.

While retirement will give him more time to enjoy golf, swimming and football, Parsons is to continue minding the shop as life president. Observer wishes him many more goals.



High flier

■ Liam Strong is a [redacted] in a hurry. After climbing the corporate ladder [redacted] and Colman, he was seen by many as [redacted] most likely candidate to [redacted] chief [redacted] British Airways where, until yesterday [redacted] he was head of marketing and operations.

At [redacted] this northern Irish graduate in philosophy and psychology was widely [redacted] as [redacted] take [redacted] from [redacted] Colin Marshall, [redacted] if [redacted] on to the chairmanship of the UK flagcarrier.

But with [redacted] Lord [redacted] showing no signs [redacted] considering [redacted] and Sir Colin remaining in the chief [redacted] slot, Strong clearly could not resist the challenge of becoming chief executive of the £2bn a year Sears retailing group.

Strong, a [redacted] corporate player with a sharp [redacted] manner and [redacted] marketing expertise, will [redacted] over as [redacted] of [redacted] Selfridges to [redacted] retailing [redacted] from Michael Pickard next March.

[redacted] masterminding [redacted] "world's [redacted]" [redacted] BA this [redacted] when the airline [redacted] all its [redacted] on April 23 [redacted] St George's Day, Strong [redacted] BA at a time [redacted] fierce competition in a still sluggish post Gulf war air transport market. He is being replaced at BA by Bob Ayling, the 44-year-old director of legal [redacted] and human resources.

Early bird

■ Observer has been forced to hang out its little red string on which to place Christmas cards, even though there are still more than 90 shopping days to go. The first card thudded onto the mat yesterday morning.

But far from heart-warmingly proffering an altruistic season's [redacted], it turned [redacted] be an advertising ploy [redacted] a housebuilder based in Birmingham. Buy a house; get [redacted] free turkey, pudding and [redacted] gifts.

Chocolate addicts [redacted] soon be in luck. If [redacted] persists, [redacted] might offer free [redacted] eggs [redacted] November.

LETTERS

Why Georgia believes that its case for independence is overwhelming

From Mr Tedo Japaridze.

Sir, It seems a pity [illegible] the reports on Georgia's desire for independence from the Soviet Union [illegible] much on local colour (though we are admittedly [illegible] colourful people) and so little [illegible] Georgia's overwhelming case for recognition [illegible] our independence, an issue on which virtually all [illegible] *stand united.*

May I therefore [illegible] that your [illegible] be informed of the following facts that were missing from Leyla Boulton's story on the subject ("Georgia's independence crusade turns into farce", September 11), but which might help your readers understand [illegible] better?

First, Georgians are not Rus[illegible]. Georgia [illegible] been [illegible] definable nation for [illegible] over [illegible] years, with [illegible] own lan[illegible], literature, history [illegible] culture. We are [illegible] intensely proud [illegible] this heritage, which has not diminished despite var[illegible] invasions [illegible].

[illegible] the collapse of tsarist Russia, which had [illegible] occupier, we again celebrated [illegible] restoration of our independence. By 1921 all the major [illegible] of Europe recognised [illegible] *sovereignty*, as did the League of Nations – and even the Soviet Union.

Unfortunately, our freedom was short-lived, as the Red Army invaded Georgia [illegible] year and the [illegible] Union announced its [illegible] annexation of Georgia in 1922.

After 70 painful years of Soviet rule, the Soviet Union has collapsed and we are now simply asking for our country [illegible]. Under international law, [illegible] already meet every requirement for recognition [illegible] sovereignty. [illegible] have officially requested recognition from [illegible] United Nations, United [illegible] other countries.

Beyond [illegible] legal criteria, [illegible] we have an even more compelling moral case for [illegible]ognition. *Georgia was one of* the chief targets of Stalin's [illegible] Georgians [illegible] murdered. Hundreds of thousands more were deported. A [illegible] generation of [illegible] lawyers, writers, teachers and other intellectuals [illegible] virtually destroyed.

There [illegible] bardly a family in Georgia that [illegible] not [illegible] bit[illegible] memories of this period. Most of us [illegible] one or [illegible] members [illegible] family.

Soviet brutality towards Georgia [illegible] 1989, when [illegible] Red Army killed 20 [illegible] in the Georgian capital. Their only crime was they [illegible] peacefully demonstrating for independence. In [illegible] referendum in March of this [illegible] Georgian people [illegible] overwhelmingly [illegible] independence. [illegible] following month our independence was officially pro[illegible].

There is no question [illegible] Georgian people deeply [illegible] our independence [illegible] that we meet all established criteria for recognition, including economic viability.

Unfortunately, it seems that many western leaders are now so [illegible] to prop up [illegible] remains [illegible] Union that they [illegible] withholding [illegible]ognition of Georgia's independence as a concession [illegible]. And there is certainly [illegible] a heavy hand in [illegible] disturbances [illegible] Georgia, presumably [illegible] the impression around [illegible] world that Georgia is not ready for independence.

The [illegible] have [illegible] ready for [illegible] independence since [illegible] first Red Army troops marched [illegible] our country [illegible] 1921. Indeed, history may [illegible] current prevarication [illegible] our sovereignty [illegible] the true "tragic farce" [illegible] our time.

Mr Tedo Japaridze,
deputy foreign minister,
Republic of Georgia,
4 Chitadze Street,
Tbilisi 380018

Discrimination comes of age

From [illegible] Farago.

Sir, [illegible] "Declarations put [illegible] practice" (September 16), Diane Summers points [illegible] that many [illegible] principles [illegible] out in [illegible] Commission for [illegible] Equality's recently published best practice guide [illegible] monitoring and achieving racial equality in employment, can be applied equally [illegible] of sexual equality.

She [illegible] mention [illegible] principles could [illegible] be applied [illegible] discrimination in recruitment, training and advancement, [illegible] (unlike [illegible]) is legally permitted in [illegible] UK.

Adequate monitoring, beyond [illegible] envisaged [illegible] the CRE, would not merely uncover prejudice and unfair practice, [illegible] might reveal the unacceptable economic [illegible] to those organisations [illegible] fail to eliminate unfair [illegible]tion.

[illegible] of willing men [illegible], doing work [illegible] capabilities [illegible] potential, [illegible] forced [illegible] draw pensions or unemployment [illegible] (or prevented by "the system" [illegible] claiming either), [illegible] prevented from making [illegible] optimum contribution to society [illegible] discrimination against [illegible] age.

John Farago,
OFFER
(Over Fifties for Experience, Reliability),
[illegible] Road,
[illegible]ledon,
London SW19 5AH.

Outfoxed

From [illegible] S [illegible].

Sir, In [illegible] Observer's search ("Gone [illegible] earth", *September 16*) for [illegible] to rid inner London [illegible] its fox nui[illegible], [illegible] I suggest [illegible] possible methods: 1. Place the minced [illegible] (referred to by Observer) [illegible] a [illegible] sprinkle with pepper. [illegible] *the fox eats the mince, he will,* inevitably, [illegible] thus knock [illegible] house brick. [illegible] in [illegible] condition; 2. Alternatively, I [illegible] out our gamekeeper [illegible] interested readers for £200 [illegible] day to lay intri[illegible].

S Ware-Lane,
[illegible]wood,
[illegible]

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Taking issue on national savings targets and balance of payments

From [illegible]

Sir, [illegible] Brittan (Economic Viewpoint, September 12) [illegible] savings target on the grounds [illegible] companies and individuals should [illegible] sort [illegible] consequences [illegible] their own [illegible]. The [illegible] national savings [illegible] as [illegible] *policy will not prevent this and* is not intended to prevent this. It is not the case that taxes will be raised to bail out the debtors, but simply that the macroeconomic effects of low saving will be avoided.

In the late 1980s the combination of [illegible] consumer boom and the pursuit of a budgetary target has led to a situation where many businesses and individuals have had to grapple with high interest rates not because they have mishandled their own affairs but because other people have. Interest rates may have risen slightly more for those who have attempted to live beyond their *means but they rose for everyone.*

It is this externality which the national savings target is intended to address. As the aftermath of Mr Lawson has shown this cannot be dealt [illegible] telling the government [illegible] budget.

[illegible] R Weale,
University of Cambridge,
Austin Robinson Building,
Sidgwick A[illegible],
Cambridge [illegible]

From Professor A P [illegible].

Sir, Samuel Brittan [illegible] written *yet another article* (September 12) on why [illegible] thinks the current account of [illegible] balance of payments doesn't [illegible] for [illegible] country's economic performance. This time, though, it [illegible] definitive statement, for he says "It has taken several years to prepare the [illegible] few [illegible], and [illegible] ers might [illegible] reading them several [illegible] in a moment of quiet".

He [illegible] appreciate [illegible] basic difference between those [illegible] who take the idea of a balance of payments constraint for an advanced capitalist country seriously [illegible] who do not. After [illegible] in the quiet, I [illegible] his [illegible]*sez-faire* viewpoint, but [illegible] has inadvertently written himself [illegible] the opposition [illegible] without realising it.

[illegible] red herrings, such [illegible] faulty [illegible] increases in [illegible] value [illegible] assets, [illegible] the importance [illegible] the current [illegible] of [illegible] payments rests on the liberal belief that balance [illegible] payments [illegible] associated borrowing [illegible] self-correcting in [illegible] *same manner* [illegible] *domestic borrowing.*

[illegible] doesn't [illegible] mention the mechanism of correction. Excessive borrowing is cor[illegible] by deflation [illegible] high interest [illegible] (determined by the government) which have social repercussions [illegible]nalities extending far beyond [illegible] choice [illegible] by economic agents concerning [illegible] much they [illegible] and [illegible] abroad.

[illegible] recognises [illegible] currency problem and [illegible] falls into the opposition camp, [illegible] he concedes that [illegible]rency stabilisation [illegible] likely to involve high unemployment. That is exactly the point of the latter-day mercantalists; that [illegible] of payments [illegible] has implications for the [illegible] interest [illegible] growth and [illegible] unemployment.

It turns [illegible] that [illegible] between [illegible] and those who stress the importance of the balance [illegible] exports and imports for a healthy economy hinges on the efficacy of devaluation [illegible] on the Keynes versus Classics debate on [illegible] relation between wage rates and employment at the *macro* level.

[illegible] it is not [illegible] say that [illegible] of payments problem is, therefore, one either of [illegible] exchange rate [illegible] of excessive [illegible] know [illegible] economic theory and experience that neither devaluation nor [illegible] reductions can guarantee bal[illegible] of payments equilibrium and full employment.

Perhaps one day Samuel Brittan will recognise [illegible] Britain [illegible] a payments problem of [illegible] much more deep-seated structural nature which can be an independent constraint on real economic performance.

A P Thirlwall,
professor of applied economics,
University of Kent,
Keynes College,
[illegible] University of Kent,
Canterbury, Kent CT2 [illegible]

Edward Mortimer

Saddam weathers the storm

The Iraqi president is reasserting control and testing the limits on his freedom of action [illegible] the world's attention shifts elsewhere

FOREIGN AFFAIRS

President [illegible] is alive [illegible] well [illegible] up to [illegible] tricks.

● [illegible] has bro[illegible] negotiations with [illegible] resumed hostilities against them, including [illegible] attacks north [illegible] the [illegible] parallel, in [illegible] supposedly [illegible] by the allied intervention [illegible] the spring. [illegible] prompted [illegible] appeal last week [illegible] from [illegible] Talabani, one of [illegible] two [illegible] Kurdish leaders. [illegible] claims were [illegible] greeted [illegible] scepticism by [illegible] US officials, [illegible] have [illegible] been confirmed.

● Mr [illegible] objected [illegible] conditions [illegible] last month by [illegible] Security Council for the sale of Iraqi oil to pay [illegible] food and [illegible] supplies [illegible]perately [illegible] by [illegible] Iraqi people, claiming that the proposed escrow account into [illegible] the oil [illegible] paid [illegible] infringement [illegible] Iraqi sovereignty. The UN representative, Prince [illegible] Aga Khan, [illegible] as preparing [illegible] ground for "a possible refusal to [illegible] along [illegible] 'intrusive' arrangements for [illegible] monitoring of the [illegible]tion of food and [illegible] supplies".

● Last week Mr Saddam provoked the withdrawal of the UN inspection team investigating his nuclear and unconventional weapons capability, by insisting *that henceforth* the team [illegible] use [illegible] own helicopters but must rely on those provided by [illegible] Iraqi [illegible] forces.

● [illegible] week, [illegible] prime minister, [illegible] Hammadi, whom [illegible] appointed [illegible] of the [illegible] war. Mr Hammadi was "the acceptable face of Baathism", for those [illegible] whom such [illegible] concept is not a [illegible] contradiction. He had convinced some of [illegible] interlocutors that Mr [illegible] was sincere in wishing [illegible] introduce [illegible] more [illegible] and democratic system in Iraq.

Yesterday, however, Mr Sad[illegible] *spelt* [illegible] clearly *and* publicly something that most of us [illegible] long understood: there is no place for western-style democracy in Iraq under his leadership.

Mr [illegible] reshuffle [illegible] dropped from the [illegible] Command Council, [illegible] supreme body in the [illegible]try; and [illegible] Mohammad [illegible] al-Zubeidi, [illegible] who previously specialised in [illegible] provision of weap[illegible] political [illegible].

All [illegible] suggest that [illegible] the immediate post-war period [illegible] weathered [illegible] the [illegible] have [illegible] home. Now, he [illegible] think, [illegible] reassert his control of the country by familiar methods [illegible] "imperialists" in the outside [illegible] still [illegible] they [illegible] Iraq's internal [illegible].

Or at [illegible] testing [illegible] limits on [illegible] of action, [illegible] hope [illegible] gradually [illegible] away, [illegible] the attention [illegible] the world shifts elsewhere and people [illegible] to the idea [illegible] going [illegible] in power.

This [illegible] challenge [illegible] world [illegible] to ignore. Indeed, there [illegible] encouraging signs that, [illegible] UN inspection [illegible] is [illegible] going to. On Monday it emerged that [illegible] US [illegible] up plans [illegible] send armed multinational [illegible] protect [illegible] prepared to issue [illegible] new ultimatum [illegible] Iraq through the [illegible] Security Council. [illegible] promptly backed down [illegible] part of [illegible] way, offering to allow UN helicopters inside Iraq, but warning that they should not "compromise Iraq's national security", notably by flying over certain [illegible] of Baghdad.

It is suggested that [illegible] proviso [illegible] from Mr [illegible] for his personal safety. But [illegible] thing he has [illegible] very good [illegible] up to [illegible] has been concealing his whereabouts, and neither during nor since the war have the allies been willing to designate him [illegible] a target. By contrast, his own record of deceit and attempts to conceal his weapons programmes, in violation both of [illegible] ceasefire terms [illegible] of the nuclear non-proliferation treaty to which Iraq is a signatory, [illegible] massive and eloquent. [illegible] has no standing whatever to make stipulations [illegible] place limits on verification procedures, [illegible] should [illegible] to.

More insidious [illegible] the argument [illegible] Iraq's humanitarian [illegible]. *There is no doubt that* [illegible] real. Both [illegible] and unofficial reports have detailed the shortages of food and medi[illegible] supplies, of power generating and [illegible] facilities, the high incidence of diarrhoea, [illegible] telltale signs of incipient epidemics.

"Iraq's men, women and children," writes Prince Sadruddin in the *New York Times*, "should [illegible] continue [illegible] pay [illegible] price of [illegible] they [illegible] not cause."

[illegible] on, quite rightly, to put [illegible] for [illegible] appalling situation where [illegible] clearly belongs: *"It* [illegible] *hardly humanitarian* that the Baghdad authorities [illegible] arrogate [illegible] themselves [illegible] choice of [illegible] and hunger over compli[illegible] UN requirements. [illegible] is their sovereignty – but [illegible] people's starvation." Yet [illegible] proceeds [illegible] argue that the UN should back down, [illegible] that "Iraq should [illegible] be handed a pretext [illegible] reject the entire UN package as [illegible] unwarranted straitjacket, with the effect of paralysing the United Nations' humanitarian operation".

[illegible] argument will not do. In the first place, it [illegible] not "Iraq" [illegible] is looking for [illegible] pretext but Mr Saddam [illegible] his *regime.* [illegible] sound like a piece of frivolous pedantry. Using [illegible] country's name to designate its government is [illegible] familiar enough piece of journalistic shorthand. But it [illegible] be [illegible] dangerous [illegible] if it lulls us into forgetting that the government in question is actually quite unrepresentative of the country. In the case of Iraq it is especially inappropriate because the UN has found [illegible] *obliged to distinguish* juridically between the country and the regime, in [illegible] manner previously reserved for the whites-only regime in South Africa.

In Resolution 706, passed on August 15, the Security Council ordered the establishment of [illegible] and the drawing [illegible] of "a scheme for the purchase of foodstuffs, medicines and materials and supplies for essential civilian needs . . . and for all feasible and appropriate United Nations monitoring and supervision for the purpose of [illegible]ing their equitable distribution [illegible] humanitarian needs in all regions of Iraq and to all categories of the Iraqi civilian population".

That resolution has been summarised not inaccurately as placing Iraq effectively under UN trusteeship. [illegible] is discouraging, therefore, that the man responsible for supervising the UN's humanitarian efforts [illegible] Iraq still refers [illegible] Mr Saddam's regime [illegible] if it were synonymous with the country on which it has inflicted such terrible damage.

Second, Mr Saddam is quite capable of finding pretexts for anything he [illegible] to do, or [illegible] acting without pretext. If [illegible] objects to the [illegible] *account,* [illegible] *is because he* [illegible] get [illegible] hands on the money for his [illegible] purposes. If he refuses [illegible] sell oil, the UN should seize Iraq's ample financial [illegible] in [illegible], along with those of [illegible] Saddam himself and [illegible] family, and [illegible] them [illegible] purchase the [illegible] and medicine that is needed.

[illegible] many others have outstanding claims against Mr Saddam, but the UN, which represents the world community and has undertaken the task of redressing as far as possible the damage [illegible] has done, should surely have first claim on his wealth [illegible] defray its [illegible] expenses.

It is not 'Iraq' that is looking for a pretext to reject UN humanitarian measures, but Mr Saddam and his regime — and they [illegible] quite unrepresentative of the country

PERSONAL VIEW

Making the Community fit to welcome new members

By Frank Vibert

By the end of the decade the 12 member [illegible] European Community should be joined by at least another 10, an enlargement accelerated in part by recent events in the Soviet Union.

Sweden and Austria have applied for membership; Norway and Finland, and possibly Iceland, can be expected to follow suit; Poland, Hungary and the Czech and Slovak federal republic have stated that forms of association cannot be a substitute for full membership. Switzerland may not wish to be left out. The EC increasingly sees it as in its own best interest to admit Turkey. The wish of Cyprus and Malta to join will need to be considered. Other newly independent coun*tries in central and eastern* Europe will also be in the queue.

However, the institutions and rules suitable [illegible] Community of 22 or more will differ from those appropriate for a Community of 12.

First, there will be a greater burden placed on the European [illegible] Council [illegible] Ministers to provide political direction and cohesion. One suggestion is [illegible] *the Council* should sit as a permanent body (possibly at the deputy prime minister level). But this will be difficult to integrate into the cabinet structures [illegible] member [illegible].

An alternative would be [illegible] set up [illegible] smaller managing council as [illegible] sub-body of the full Councils. This would be composed [illegible] permanent *membership for* [illegible] big [illegible] three rotating members representing the other 17. But [illegible] member [illegible] may question [illegible] an arrangement. A variant would [illegible] for [illegible] managing council concept [illegible] *only* [illegible] full Council [illegible] that crisis management [illegible] called for, such as in the event of [illegible] foreign policy [illegible] a Community budget or [illegible].

[illegible] there will [illegible] prob[illegible] *with "coercive" decision*-taking in [illegible] Community if majority voting [illegible] that more member [illegible] can be overruled. [illegible] dilemma [illegible] that a unanimity requirement could produce paralysis.

[illegible] approach [illegible] *this* dilemma [illegible] continue to [illegible] the operation [illegible] majority voting. A [illegible] option is to maintain [illegible] "blocking minority" [illegible] in [illegible] larger Community. Another approach [illegible] to allow member [illegible] that are overruled to "opt out" [illegible] the policy [illegible]cerned.

Third, [illegible] will [illegible] a greater need [illegible] efficient civil ser[illegible] structure for [illegible]. *This* will involve radical change [illegible] the Commission. Important functions, such [illegible] competition policy, will [illegible] by specialist agencies rather than by the multi-purpose Commission. The structures will need to make a distinction between political decision-taking by the Councils and the administration of policy by agencies.

Fourth, [illegible] European [illegible] will [illegible] credibility [illegible] a decision-taking forum. A proportionate [illegible] in [illegible] membership will make it unwieldy. Conversely, [illegible] in [illegible] and [illegible] in [illegible] number of representatives from individual member [illegible] will make [illegible] seem [illegible] remote from public opinion [illegible] be [illegible] with legislative functions.

Fifth, the need for economic [illegible] to underpin net financial [illegible] within the Community will [illegible] pressing. [illegible] potential [illegible] above, [illegible] should (on rational [illegible] criteria) [illegible] contributors to [illegible] programmes (the Nordic [illegible]trants and [illegible] and Switzerland). [illegible] should [illegible] recipients. Under present policies [illegible] only no [illegible] *but* [illegible] prospect [illegible] tion [illegible] existing inequities.

Finally, [illegible] absurdity [illegible] *"acquis* [illegible] *nautaire"*, [illegible] new member [illegible] should accept existing Community policies, [illegible] already [illegible]. It would [illegible] illogical [illegible] impose policies [illegible] procedures [illegible] do [illegible] work well on [illegible] bers. In any [illegible] a larger *Community* [illegible] *simply* have [illegible] things differently.

[illegible] current inter-governmental conference on European political union [illegible] have enlargement [illegible] agenda. Nevertheless, [illegible] institutional changes likely to [illegible] from [illegible] could be helpful for an enlarged Community – for example, [illegible] explicit recognition [illegible] role [illegible] the European Council [illegible] well [illegible] *arrangements for co-operating* in foreign policy.

At the same time, there is [illegible] need to [illegible] adopting [illegible]sures that will make enlargement [illegible] *difficult.* The provisions in the [illegible] treaty on political union [illegible] enshrine [illegible] doctrine of [illegible] *acquis communautaire*, and [illegible] amend [illegible] EC treaty [illegible] the [illegible] of majority voting [illegible] to give more political [illegible] to the Commission are examples of proposals that will not be [illegible] to [illegible] Community [illegible] 22 [illegible] more.

There [illegible] some member [illegible] reformed Soviet Union [illegible] other central and [illegible] European [illegible] stay [illegible] EC. However, [illegible] lead [illegible] divisions in Europe. Thus, [illegible] new European agenda is [illegible] for [illegible] larger Community. *The constitutional framework* for [illegible] enlarged Community [illegible] be approached with much greater [illegible] into [illegible] preparation for the current institutional discussions.

[illegible] speeding up [illegible] association agreements in recognition of [illegible] new urgency [illegible] not enough. Accelerated negotiations for membership of all potential new entrants should [illegible] in [illegible].

Moreover, [illegible] preparation of institutional arrangements and [illegible] decision-taking rules for an enlarged Community [illegible] into [illegible] views [illegible] prospective new member [illegible]. For [illegible] to [illegible] presented with [illegible] *fait accompli* [illegible] a poor basis for [illegible]structing [illegible] institutions for the wider [illegible] desirable in Europe.

The author is deputy [illegible] *of* [illegible] *Institute of Economic Affairs.*

FINANCIAL TIMES
Wednesday September 18 1991

Efforts to contain runaway costs of disability benefits provoke nationwide unrest

Dutch strike in protest at welfare cuts

By Ronald Van De Krol in Amsterdam

DUTCH UNIONS staged [illegible] nationwide strike yesterday in protest at far-reaching changes to the welfare system contained in the 1992 budget.

Public transport in Amsterdam, Utrecht and Rotterdam was halted while Queen Beatrix read out the government's speech in [illegible] Hall [illegible] Knights in The Hague.

Tens [illegible] thousands [illegible] workers in the ports [illegible] [illegible] Rotterdam and [illegible] hospitals, universities, post offices and companies nationwide stopped work for several hours [illegible] the proceedings on [illegible].

The protests were against government efforts to rein in the runaway growth [illegible] disability benefits scheme, [illegible] of the mainstays [illegible] Dutch [illegible].

Currently, for [illegible] in employment, another is drawing some form of [illegible] benefit – including old-age pensions. [illegible] for the high burden of [illegible] and [illegible] premiums [illegible] the Netherlands.

Despite the [illegible] fall in the budget deficit, [illegible] Netherlands [illegible] one [illegible] the [illegible] heavily indebted countries in the west, with [illegible] well above Fl 300bn ($157bn) – [illegible] than 70 per cent [illegible] [illegible] income.

To reduce [illegible] spending, the government [illegible]unced in July plans to alter [illegible] disability benefits scheme, a social-security programme [illegible] over the [illegible] nearly [illegible] people in a country [illegible] 15m.

[illegible] covers [illegible] industrial [illegible] suffering from [illegible] as a [illegible] of [illegible] or personal problems. [illegible] bility be[illegible] generous [illegible] unemployment benefit, [illegible] employ[illegible] have [illegible] scheme, [illegible] by [illegible] Dutch initials WAO, to [illegible] the [illegible] unemployment.

The proposed changes – which [illegible] the [illegible] of [illegible] of [illegible] – led to a [illegible] protest, culminating in yesterday's strikes. Although [illegible] government's original proposals [illegible] slightly watered down [illegible] August, they [illegible] one [illegible] the [illegible] radical reforms of [illegible] since [illegible] inception in [illegible].

The [illegible] controversy is particularly troublesome for Mr Wim Kok, [illegible] of [illegible] party, which rules in coalition with [illegible] Christian Democrats [illegible] Mr [illegible] Lubbers, [illegible] prime minister. Labour supporters [illegible] disability [illegible] reforms but [illegible] has [illegible] firm, saying changes are [illegible] costs.

The budget itself [illegible] few surprises. The government [illegible] it would [illegible] the [illegible] 4.25 per [illegible] of [illegible] 1992 from [illegible] projected 4.75 per cent in 1991.

It noted [illegible] economic [illegible] were worsening, [illegible] growth forecast [illegible] slow [illegible] 1 per [illegible] in 1992 from [illegible] 2.25 per [illegible] year.

Picture Terry Kirk

Toshiki Kaifu – figurehead prime minister for Takeshita

Japanese premier under attack by his own party

Stefan Wagstyl in Tokyo on why public popularity is not enough

JAPANESE politicians usually [illegible] dirty [illegible] in private but [illegible] enemies [illegible] Toshiki Kaifu, [illegible] prime minister, [illegible] no qualms about turning on him [illegible] public.

Even though Mr Kaifu's term [illegible] not end for another six weeks, [illegible] fight [illegible] the suc[illegible] as [illegible] ruling Liberal [illegible] already begun in [illegible].

Mr Kaifu [illegible] put into [illegible] a figurehead prime minister by the ruling party's largest faction, [illegible] Mr Noboru Takeshita, a former prime minister. Mr Takeshita, who wields power behind the [illegible], [illegible] pleased with the arrangement [illegible] he is considering putting Mr Kaifu forward for a [illegible] term.

[illegible] faction leaders are determined [illegible] ensure [illegible] Mr Takeshita will [illegible] and are making increasingly outspoken [illegible] Mr Kaifu in order [illegible] Mr Takeshita into [illegible] open.

In the latest incident, an inadvertent remark by Mr Kaifu about [illegible] political [illegible] among US politicians has been blown out of all proportion by his enemies.

The offending [illegible] slipped out [illegible] Friday in parliament [illegible] prime [illegible] was speaking in a [illegible] about political reform proposals, including plans to replace Japan's multi-member constituencies with single-seat ones.

[illegible] MP challenged the idea, saying that in the US single-member districts encouraged representatives [illegible] pursue narrow local [illegible] Mr Kaifu answered [illegible] American politi[illegible] lack [illegible] strong [illegible]. They [illegible] not supposed [illegible] spend large amounts [illegible] on [illegible] but many of them did, he said.

[illegible] Kaifu was forced [illegible] retract his remarks in a statement made to a hastily called press [illegible] in [illegible] early [illegible] Saturday. Yesterday, [illegible] apologised in person before parliament, saying he regretted his [illegible].

[illegible] his [illegible] supporters, Mr [illegible] Ozato, the labour minister, said he was con[illegible] prominently [illegible] had displayed [illegible]ries about Mr Kaifu's [illegible]ments.

[illegible] Mr Kaifu's [illegible] are unlikely to let [illegible] incident [illegible] them [illegible] Mr Michio Watanabe, [illegible] faction leader, who [illegible] not hide his own ambition to become prime [illegible].

In a newspaper interview last week, Mr Watanabe [illegible] Mr Kaifu was not the right man [illegible] deal with [illegible] such as [illegible] Gulf war and the dissolution of [illegible] Soviet Union. Mr Kaifu "should finish up and do [illegible] can. Then, for his own [illegible] and the [illegible] the country wouldn't it be better if we [illegible] leader," Mr Wata[illegible].

[illegible] suggested that Mr Kaifu's public popularity should not guarantee him staying in office. "Public opinion is important but I don't think politics based solely on public opinion [illegible] good idea."

Mr [illegible] comments follow similar attacks from other faction [illegible] comparing [illegible] Kaifu [illegible] "relief pitcher" [illegible] in [illegible] play for Japan when his inexperience [illegible] being fully exposed.

E German building surge boosts hopes for economy

By Christopher [illegible] in Bonn

BUILDING [illegible] Germany surged by 31 [illegible] in August, providing more evi[illegible] support government optimism about [illegible] prospects.

The increase, following [illegible] in July, [illegible] from [illegible] need [illegible] modernise [illegible] Germany's dilapidated housing.

One in seven of the region's 7m dwellings is officially uninhabitable, [illegible] per [illegible] or shower, [illegible] have [illegible] of the housing [illegible] the [illegible] War, compared with only [illegible] per [illegible].

The confederation of construction companies, HDB, [illegible] it expects orders worth [illegible] ($51.7bn) [illegible] year for [illegible] years. Mr Jürgen [illegible]lemann, economics minister, [illegible] 10 per [illegible] growth in the construction industry [illegible] "wholly realistic".

[illegible] government [illegible] eager to [illegible] improving living [illegible] east, mainly [illegible] the [illegible] of people [illegible] of better jobs and [illegible].

Mrs Ingrid Adam-Schwaetzer, building minister, [illegible] planning [illegible] a year [illegible] the [illegible] century, [illegible] encourage tenants [illegible] buy [illegible] homes. Earnings [illegible] help finance building and modernisation.

[illegible] Leipzig housing authority, with [illegible] flats [illegible] its books, [illegible] announced plans [illegible] 10,000 [illegible] Frohburg [illegible] Saxony, 400 council homes are [illegible] market [illegible] a standard [illegible] DM850 [illegible] square metre: about £15,000 for an [illegible] apartment.

Tenants, however, are reluctant to buy [illegible] until they [illegible]. [illegible] put [illegible] of [illegible] cheapest conversion [illegible] £10,000 [illegible] home.

The German building [illegible]try [illegible] already [illegible] A housing construction [illegible] running for two [illegible] census [illegible] the former [illegible] Republic [illegible] new homes.

[illegible] year, [illegible] new [illegible] apartments [illegible] pleted in the west – [illegible] per cent more [illegible] quarter [illegible] 1990. Building [illegible] rose [illegible] 7 per cent [illegible] same period.

■ Lufthansa, the German national airline, has agreed [illegible] 4.1 per cent pay increase for its staff. The one-year [illegible] effect on October 1.

London to test system for pay-as-you-drive roads

By Richard Tomkins, Transport Correspondent

A LONDON [illegible] is to [illegible] scheme for charging drivers for the use [illegible] on a pay-as-you-drive basis.

The trial by the London Borough of Richmond, to begin by the end of the year, will mark the first public display of an electronic road-pricing system in Europe.

Richmond has decided to host the experiment to see whether charging motorists to use roads will help solve traffic congestion problems. The public will not initially be affected because the trial will be confined to about [illegible] vehicles belonging to [illegible] council and its staff.

The experiment reflects a growing worldwide interest in using road charges to curb traffic growth in areas where space does not permit further road building.

Richmond will unveil its plans today [illegible] representatives of central and [illegible] at the National Economic Development Office in London. The system it will use, called Timezone, has been developed by GEC-Marconi, the aerospace and defence electronics subsidiary of Britain's General Electric Company.

The system consists of an electronic meter fixed to the windscreen of the vehicle and [illegible] network of transmitters spread around the zone where the charges apply.

Drivers charge their meters in advance with an electronic pre-paid smartcard. When they enter the charging zone, transmitters switch their meters on. The meter then consumes credits until the vehicle stops or leaves the zone.

GEC-Marconi says the cost of the system is commercially confidential, but that on the basis of current parking meter charges – 5p a minute in cen[illegible] – it would [illegible] its costs in [illegible] months.

[illegible] is to get [illegible] system [illegible] said it [illegible] applying to recover its costs with [illegible] grant [illegible] EC's Dedicated [illegible] Infra[illegible] Vehicle Safety [illegible] Europe (Drive) [illegible] Drive subsidises transport research projects.

[illegible] hopes [illegible] system [illegible] chosen against those of competing companies as the norm for a world market potentially worth many billions of dollars.

Until now, electronic charges to road users have been confined mainly to the deduction of tolls for the use of motorways, tunnels or bridges. An experimental electronic road-pricing scheme in Hong Kong was abandoned because of political objections.

Clocking up miles, Page 10

Roubles printed 24 hours a day

Continued [illegible] Page 1

[illegible] in the Republic [illegible] [illegible] the price paid by the [illegible] from 20 [illegible] kopecks per kilo, they merely sent [illegible] official [illegible] to ask the [illegible] Bank [illegible] the [illegible] roubles.

Mr Balagurov [illegible] that he had suggested that the author[illegible] should organise the sale of commodities nearer to the cotton fields in order to keep the money in circulation, but he doubted that they had done so.

"In this country, there is almost no understanding of the elementary laws of economics. When people in power decided on a project they just told us, 'Get the money for it'. These habits persist."

In one republic, Ukraine, however, the sheer lack of capacity has given the state bank some leverage. The republic now fears that it will run out of roubles by the end of the month, because the republic's central bank has reserves of only Rbs1bn against the Rb[illegible] Rbs12bn needed to pay wages by the end [illegible] the month.

Mr Balagurov rejected allegations from [illegible] republic's leadership that the shortage of money was politically motivated, but he also said that the republic should not expect the State Bank to again come to its aid.

He said that holdings of roubles in the Ukrainian commercial banks had grown from Rbs210m in April to nearly Rbs3bn this month because of unrestrained lending. "The Ukrainian bank must get this money back. It will be hard, but they must work for it." He added that the Ukrainian authorities were using lack of roubles as an excuse to [illegible] for their own [illegible].

Williams launches £703m bid for Racal

Continued from [illegible] 1

Williams' all-share [illegible] follows [illegible] precedent [illegible] by the company's first major [illegible] J&HB [illegible] in [illegible].

Williams said although [illegible] had unused bank lines [illegible] £600m, it was extremely conservative and had no desire to increase its gearing beyond the [illegible] level of about [illegible] per cent. Mr Brian McGowan, [illegible] executive, [illegible] "This is [illegible] a silly, [illegible] shot [illegible] Racal."

[illegible] bid raised questions about whether Williams has the management ability to run [illegible] business. Some analysts also questioned whether Williams knew exactly [illegible] was buying.

[illegible] analysts also [illegible] the fierce loyalty Sir [illegible] engendered [illegible] staff in businesses over 25 [illegible] as chairman [illegible] "People just [illegible] leave companies," Mr Rudd said. "We have never had that problem."

Williams has made only two previous hostile bids, neither of which succeeded. It dropped its bid for McKechnie Brothers in 1986, after the plastics and metals group proceeded with a defensive offer for another Newman Tonks, the engineering company. A [illegible] later, Williams narrowly [illegible] Norcros, the building [illegible] printing company.

THE LEX COLUMN

Unlocking Racal value

Sir [illegible] Harrison [illegible] unlock the value in Racal Electronics with Monday's demerger. Now he must be wondering whether it was too much of a good thing. The £703m paper bid from Williams is unlikely to succeed in its present form, but the genie is out of the bottle. The problem for investors is that a bid premium is now so clearly in the Racal price that the market is no closer to an objective valuation of the company than it was before the demerger.

At one level Williams looks like a natural buyer. Racal meets its usual criterion of [illegible] loosely-managed company [illegible] scope for margin enhancement. There [illegible] fit between some of the businesses than initially meets the eye. [illegible] Williams would [illegible] dispose [illegible] the Chubb brand [illegible] satisfy [illegible] UK compe[illegible]. There [illegible] even [illegible] push [illegible] margins up fast enough to justify [illegible] multiple [illegible] nearly 22 [illegible] current earnings.

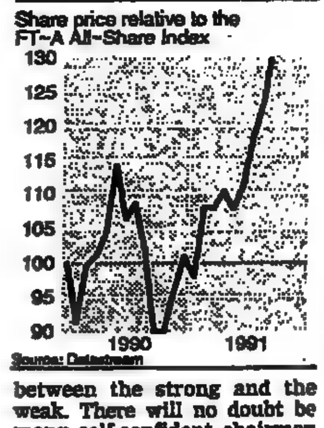
Admittedly, [illegible] may [illegible] sense [illegible] Racal against [illegible] earnings. By [illegible] yardstick, [illegible] top price [illegible] 60p. [illegible] bidding up [illegible] yesterday, [illegible] clearly expecting [illegible] than [illegible] 50½p which the Williams [illegible] represented [illegible] close. [illegible] Williams's [illegible] are [illegible] an [illegible] absorbing [illegible] more [illegible] its own professed [illegible] incur [illegible] little [illegible] offering cash.

Much depends on whether another [illegible] be persuaded [illegible] enter [illegible] fray, though [illegible] would [illegible] some [illegible] what look like increasingly [illegible] prices. Perhaps [illegible] eventual [illegible] for Sir Ernest [illegible] sell Chubb [illegible] Williams can lay its hands on it. That would [illegible] a [illegible] rump which Racal management would [illegible] better-placed to buy. But he had better hurry.

FT-SE [illegible] (-11.6)

Williams Holdings

Share price relative to the FT-A All-Share Index



Source: Datastream

Takeovers

[illegible] the [illegible] days, with Hanson, [illegible] and BTR all back in the takeover game. Conglomerates, though, have to make bids to keep their profits moving ahead. [illegible] question for [illegible] the UK [illegible] sector is whether [illegible] opportunistic bids of the last two days will finally usher in a new era of merger activity.

One effect of the recession has been to widen the gap between the strong and the weak. There will no doubt be many self-confident chairmen eyeing up a strong share price, sizing up a vulnerable competitor, and calculating the potential boost to earnings per share over the next couple of years. The difficulty, though, remains that of calling the bottom of the cycle. In several stricken sectors – property and construction, [illegible] example – [illegible] would still [illegible] to be no [illegible] hurry and every possibility that the next 12 mon[illegible] are going to be worse than the last. The stock [illegible] already discounting most of the recovery so victims' share prices hardly look cheap. And though figures yesterday showed that corporate liquidity improved in the second quarter, the financial position [illegible] companies hardly seems strong enough [illegible] imply a [illegible] of [illegible] deals. On top [illegible] seems unlikely [illegible] speculation [illegible] a [illegible] general election will encourage would-be bidders to bring forward their plans.

Tesco

The market is slowly becoming aware of [illegible] slowdown in sales growth among the leading food retailers as a result of the recession and lower inflation. Hence, perhaps, the unusual interest in Tesco's interim figures yesterday. But the halving of sales growth in its existing stores to around 6.5 per cent was a poor excuse for marking down Tesco shares by 5 per cent. After all, the interim dividend [illegible] increased by 21 [illegible] cent, while operating margins [illegible] by more than 10 [illegible] cent, enough to [illegible] Tesco [illegible] continue to benefit from its investment in technology for a while yet.

Stripping out property, pre-tax profits were up by a third on the previous first half. Looking ahead on [illegible] same basis, Tesco could make £545m next year, which means the shares are on a bearish multiple of just 12. That seems cheap when one considers the real message of the figures. The food retailing industry appears to be taking its long-term shape faster than anticipated – good news for Argyll, Sainsbury and Tesco, all of which can go on improving margins, and perhaps for a couple of smaller players like Kwik Save and Morrisons. It is very bad news for Asda; but then its shares have fallen by 10 per cent this week.

Fisons

By marking the shares down 7 per cent yesterday the market showed its determination to focus on Fisons' mere 6 per cent advance in first half profits, rather than on its upbeat view of the future. That may yet prove short sighted but it goes to show that pharmaceutical companies on dizzy ratings cannot afford to stumble. In this case the main problem has been the interruption of US sales of Opticrom and Imferon – a hiccup caused by tough new US regulatory requirements but one which nevertheless leaves an embarrassing hole above the line. There was also an unexpected £5m swing in the financing charge, partly the result of a £70m first half [illegible] outflow but partly [illegible] of a narrowing [illegible] interest [illegible] differential. The result of the [illegible]entific equipment division demonstrates that there has been a recessionary impact too. Fisons has an impressive record of double digit earnings growth; the sceptics prefer to focus on its cash flow record which net of finance charges, acquisitions and currency movements has [illegible] been good.

Kingfisher

Kingfisher's management might justifiably be peeved that the group's shares fell yesterday. [illegible] interim trading performance was dependable. Market [illegible] increased in the [illegible] and Woolworths actually [illegible] profit. Gearing fell [illegible] 35 to 22 per cent, [illegible] helped by partial exercise of convertible debt. With Comet and [illegible] in its portfolio, the group is well positioned [illegible] recovery. The [illegible] heady 18-month climb [illegible] them, but perhaps [illegible] rated higher than the [illegible] sector [illegible] for next year.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Berlin	F	20	68	Caracas	C	28	82	Faro	S	33	91	[illegible]	F	29	84
Algiers	S	[illegible]	[illegible]	[illegible]	S	25	77	Casablanca	F	27	81	Florence	S	28	82	Istanbul	F	23	73
Amsterdam	F	17	63	Bombay	F	29	84	Chicago	S	11	[illegible]	[illegible]	S	22	72	Jakarta	C	32	90
Athens	S	26	79	[illegible]	S	36	[illegible]	[illegible]	F	19	66	Geneva	F	24	75	Jersey	F	18	64
[illegible]	S	31	88	[illegible]	S	19	66	Copenhagen	C	17	[illegible]	[illegible]	S	26	79	Johannesburg	S	27	81
[illegible]	R	33	91	[illegible]	F	19	66	Corfu	F	[illegible]	77	Glasgow	F	16	61	[illegible]	C	[illegible]	65
[illegible]	S	26	79	[illegible]	F	[illegible]	75	Dallas	F	[illegible]	72	[illegible]	S	13	55	Lisbon	S	31	88
Beirut	S	27	81	Buenos Aires	R	18	64	Dublin	F	[illegible]	64	Hong Kong	F	31	88	London	F	20	68
Belfast	F	17	63	Cairo	S	33	91	Dubrovnik	[illegible]	26	79	Innsbruck	F	19	66	Los Angeles	Fg	16	61
[illegible]	F	25	77	Cape Town	S	17	63	Edinburgh	F	17	63	[illegible]	C	16	61	Luxembourg	F	18	64

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	26	79	Milan	S	26	79	Nicosia	[illegible]	[illegible]	84	Salzburg	C	[illegible]	[illegible]	Tenerife	S	27	81
Madrid	S	31	88	[illegible]	S	20	68	[illegible]	[illegible]	[illegible]	[illegible]	San Francisco	Dr	[illegible]	54	Tokyo	S	23	73
Majorca	S	32	90	[illegible]	C	17	63	[illegible]	R	[illegible]	[illegible]	[illegible]	F	21	70	Toronto	S	16	61
Malaga	S	27	81	Munich	C	18	64	Paris	F	21	[illegible]	[illegible]	C	[illegible]	79	Tunis	R	26	79
[illegible]	F	29	84	Nairobi	S	[illegible]	82	Peking	R	19	66	Stockholm	F	15	59	Valencia	S	30	86
Manchester	F	17	63	Naples	F	27	81	Prague	F	20	[illegible]	[illegible]	S	23	73	Venice	S	[illegible]	77
Manila	C	29	84	Nassau	C	31	88	Reykjavik	[illegible]	8	[illegible]	[illegible]	S	21	70	Vienna	[illegible]	17	63
[illegible]	R	11	52	New Delhi	S	33	91	[illegible]	S	26	79	Taipei	R	[illegible]	84	[illegible]	R	18	64
Mexico City	C	21	70	New York	S	27	81	Rio de Janeiro	C	26	79	Tangier	S	[illegible]	88	Washington	S	26	79
Miami	F	27	81	Nice	S	27	81	[illegible]	[illegible]	28	[illegible]	[illegible]	S	[illegible]	84	Zurich	C	21	70

Temperatures at midday yesterday C–Cloudy [illegible] F–Fair Fg–Fog [illegible] R–Rain S–Sunny [illegible] T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

BASF to take full control of Comparex

BASF, the German [illegible] group, is taking full control of Comparex, the computer marketing company it formed [illegible] ago with [illegible] the [illegible] giant. Page 18

Banks rebuff Lonrho

Brent [illegible] banks are today expected to rebuff the tentative takeover offer from Lonrho and [illegible] attempt to [illegible] the original refinancing proposals formulated by the troubled UK leisure and property group in receivership. Page 24

Brands blunt recession

MB-Caradon, the UK building products, packaging and printing concern, limited its pre-tax profit fall to 12 per cent in the first half. Mr Peter Jansen (left), chief executive, said the [illegible] had been blunted by the strength of its brands and by holding prices. He said there [illegible] of an improvement in UK conditions, "but no upturn in volumes yet". Page 24

French float [illegible]

[illegible] Local de France, the [illegible] authorities, yesterday [illegible] details of its impending flotation. Page 22

New [illegible] for Christiania

Mr Borger A. Lenth, the new president of Christiania Bank, Norway's [illegible], sees the recent stormy passage at the bank as the [illegible] of a purging [illegible] Page 18

Sumitomo Chemical in US deal

Sumitomo Chemical, a [illegible] Japanese producer of agrochemicals and [illegible] chemicals, has taken 100 per cent of a [illegible] agrochemical company, Valent USA, [illegible] jointly with [illegible] Chemical three years ago. Page [illegible]

Australian insurer fails

FAI Insurances, the [illegible] investment group, yesterday [illegible] "extremely difficult" trading conditions [illegible] net operating loss of A$144m (US$120m) [illegible] year. Page 19

Rights [illegible] for polythene deal

[illegible] Polythene Industries, the largest producer of polythene film products in the UK, is *acquiring [illegible] Plastic [illegible] for approximately* £9.14m ($15.44m) in cash. To fund the acquisition, the group is launching a rights issue. Page 26

August is the cruellest month . . .

August has been a month to remember over the past three years. This year's excitements did little for embattled European stockbrokers. Page 40

Amstrad to sue in US

Amstrad yesterday said it was suing a second US company, Western Digital, for allegedly supplying it with faulty disc drives. Page 25

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Colonia Kran	892	+	22
Leifheit	[illegible]	+	[illegible]
Linde	[illegible]	+	[illegible]
Falls			
Lahmeyer	[illegible]	–	[illegible]
Schmalbach	558	–	21
Zanders Feinpap	263	–	8

NEW YORK ($)

Rises			
Arbor Drugs	19¾	+	¾
Collagen	18⅜	+	⅞
Merrill Lynch	44¼	+	1½
Falls			
Intel	40¾	–	¾
Philip Morris	72⅝	–	⅛
Sun Micro	28¼	–	1⅛

PARIS (FFr)

Rises			
Lafarge Coppee	384	+	11
Radiotechn	530	+	[illegible]
Falls			
Gaumont	[illegible]	–	14
[illegible]	885	–	15
Lyonn Eaux	[illegible]	–	11
SILIC	[illegible]	–	15

TOKYO (Yen)

Rises			
[illegible]	1420	+	180
Shiseido	1500	+	190
Shionogi	[illegible]	+	200
Toho Bank	740	+	[illegible]
Tokyo Rika	800	+	78
Falls			
[illegible]	[illegible]	–	[illegible]

New York prices at 12.30.

LONDON (Pence)

Rises			
Brit Telecom	397	+	[illegible]
[illegible]	10	+	2
First Tech	[illegible]	+	7
Hi-Tec Sports	184	+	12
Jeyes	368	+	13
Dufignoli	39	+	6
[illegible]	57½	+	8½
Scholes	118	+	7
Sumit	65	+	7
Utd Friendly B	414	+	27
Falls			
ASDA	94	–	[illegible]
[illegible]	401	–	[illegible]
Clyde Pet	95	–	5
Fisons	484	–	35
[illegible]	[illegible]	–	[illegible]
BAA	252	–	9
Kingfisher	558	–	11
Lasmo	298	–	8
Tesco	288	–	14
Whitbread A	485	–	12
Williams Hldgs	337	–	24

Sealink-Stena to announce drastic cuts

By Robert Taylor in Stockholm and Emma [illegible] in London

DRASTIC CUTS in jobs and [illegible] at Sealink-Stena, one of Britain's largest [illegible] ferry operators, are to be announced today, according to Stena, the company's [illegible] parent.

[illegible] the world's largest ferry [illegible], is facing a pre-tax loss of [illegible] SKr300m [illegible] this year, which it says is almost wholly attributable to the [illegible] operation. Unions and personnel at Sealink, which employs almost 6,000 people in the UK, are being informed of [illegible] this week, the company [illegible].

[illegible] acquired [illegible] in February [illegible] after a [illegible] battle with Sea Containers, the company's former parent. It immediately [illegible] cut [illegible] 1,100 jobs.

[illegible] operates [illegible] services across the English Channel and three to Ireland. With its French partner SNAT, in which Stena has a 49 per cent stake, Sealink carries about 2.9m passengers a year. Its main competitor, P & O, claims 50 per cent of the market, carrying 9.6m passengers a year.

The takeover and rationalisation costs cut Stena's profits last year by 60 per cent (after [illegible] [illegible] to SKr107m. [illegible] this year Stena had predicted an improvement in its profitability during 1991, but has now sharply revised this view.

Mr Lars Erik Ottosson, president and chief executive, said: "Vigorous [illegible] downwards [illegible]" including "a [illegible] in the company's [illegible] costs".

Mr [illegible] said Stena hoped the new rationalisation programme, along with the measures decided last year, would result in savings of SKr500m.

He said that while [illegible] commercial viability was good, "the performance and [illegible] ciency of the organisation must be improved". Mr Ottosson added that [illegible] hoped that [illegible] action now would give [illegible] positive results in 1992.

In contrast to the poor Sealink performance, Stena says its Scandinavian ferry operations have developed well so far this year. Mr Ottosson said a combination *of a savings [illegible] and* record [illegible] in the summer had strengthened what was already a healthy position.

Stena will publish its [illegible] eight months' results on 25 October.

Porsche steers an independent route

By [illegible] Fisher in Frankfurt

PORSCHE, the German luxury sports car maker, yesterday reasserted its desire to stay independent following speculation that Mercedes-Benz or Volkswagen might be interested in buying a stake in the company.

Porsche also confirmed that Mr Ulrich Bez, its research and development director, was resigning over the company's problems in motor racing.

Mercedes-Benz (owned by Daimler-Benz) and Volkswagen said the question of them taking a stake in Porsche was not really an issue at the moment because the family-controlled company did not intend to become part of another group. However, both indicated they would be interested if circumstances changed.

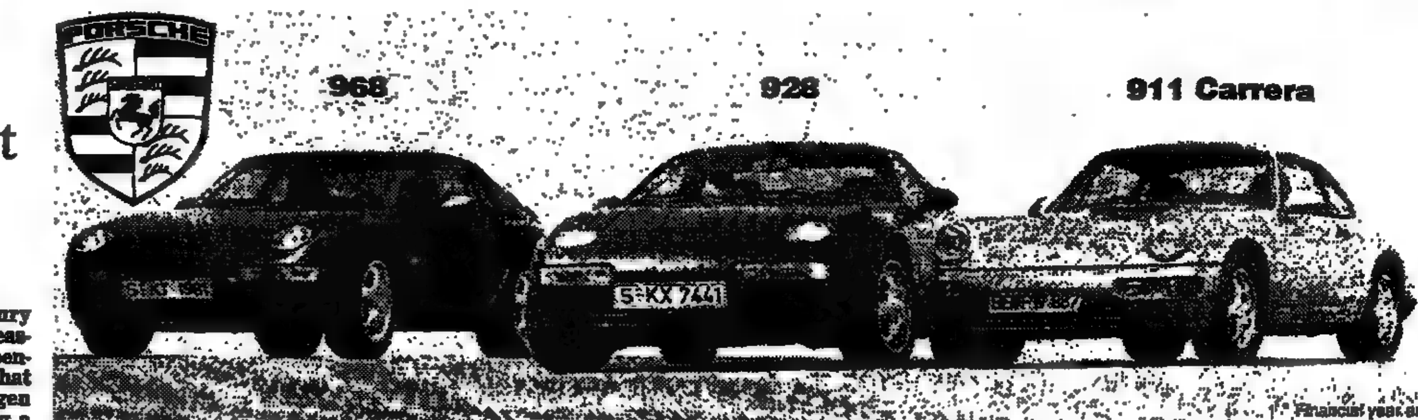
Speculation over Porsche's future [illegible] of the worsening [illegible] performance and falling sales, notably in the depressed US market. On Monday, Mr Werner Niefer, chief executive of Mercedes-Benz said, when asked on Austrian radio whether it might take a stake in Porsche: "We will [illegible] about it".

Mr Arno Bohn, chief executive, said last week that Porsche would have to struggle to keep profits up to the depressed level of last year.

The company has indicated that net income in the financial year to July 31, 1991, fell to between DM50m ($28.7m) and DM60m from DM68.4m (a rise of [illegible] per cent on 1988-89). It is shedding 550 of its 8,000 employees by mid-summer next year.

Mr Bez, 47, is the third director to leave in the past year. Mr Hans Halbach, marketing director, joined Saab in Sweden and Mr Rudi Noppen, responsible for production and materials, went to run Webasto, a German vehicle parts manufacturer.

Mr Bohn, a former director of Nixdorf – now owned by Siemens – joined in March, 1990.



New cars, familiar faces - Porsche's three model ranges have their roots in the 1960s and 1970s

Living dangerously in the fast lane

John Griffiths looks at the background to the current difficulties afflicting the luxury sports car maker

The willingness of Daimler-Benz, Germany's largest [illegible] to take a stake in [illegible] the growing [illegible] in German industry [illegible] of the *luxury sports car maker.*

[illegible] opulent [illegible] at this year's [illegible] show has also [illegible] the backdrop for [illegible] developments since the show opened last week.

In turn, these have [illegible] speculation about whether the fiercely independent Stuttgart car maker is losing momentum, and even whether it can [illegible] in the face of Japanese competition.

The motor show also provided Mr Arno Bohn, chairman and chief executive, with the opportunity to [illegible] a drop in earnings for the company's financial year ended July 31, coupled with a warning that Porsche is struggling [illegible] sales and profits during the current year.

His gloomy assessment of market conditions was [illegible] on Monday with an [illegible] that Porsche will shed [illegible] per cent – or 550 workers – of its workforce by next summer.

To make matters worse, *Porsche is losing its third key* director in almost as many months, through the departure of research and development director Mr Ulrich Bez. With much of its reputation based on engineering integrity, Porsche derives [illegible] income from [illegible] R & D for other manufacturers at its [illegible] centre.

Mr Bez, described as leaving immediately at his own request, follows the departure in [illegible] of marketing director Mr Hans Halbach and to components group Webasto of production director Mr Rudi Noppen.

None of these developments means that Porsche is necessarily facing an imminent crisis.

The company is cash-rich from the large profits piled up during the US market hey days of the 1980s. And its borrowings are negligible. To no one's surprise, representatives of the Piech and Porsche families – which control the company – politely, but quickly, declined Daimler-Benz's friendly offer.

Porsche's 18 per cent fall in world car deliveries to 26,300 in its last financial year, was not far *from that experienced by other* luxury car makers during the period.

Yet the unpalatable fact for Porsche is that those sales were less than half what the company achieved in the mid-1980s. Sales peaked at 53,300 in 1985/86.

While Porsche finance director Mr Walter Gnauert is quick to point out that the product range is now more profitable following the demise of cheaper models like the 924, the underlying picture is [illegible] these figures [illegible].

[illegible] for the post-unification sales boom in the German market, [illegible] overall are running more than 50 per cent up on year-ago levels, Porsche would now be in trouble.

The company has [illegible] much of the fact that it reduced its former overwhelming dependence on the US.

The world's biggest single luxury car market [illegible] for 70 per cent of Porsche sales as recently as 1987. Now, says Mr Gnauert, it accounts for only 23 per cent. Germany has taken over the lead with 40 per cent, and the remaining 37 per cent is well spread through the rest of the world.

Porsche attributes this to strategic planning. Its success in exploiting the Japanese [illegible] new-found penchant for chic European luxury cars certainly [illegible] into this category, [illegible] by [illegible] per cent of total sales – 3,900 units – in Japan last year.

It can equally be seen as having been forced on the company by wealthy American buyers deserting the marque in droves.

By any measure, Porsche's recent US performance has been disastrous. In [illegible], it sold a record 30,471 units in the US. Two years later the total was down to 15,732. Last year it sold 9,139 and in the first eight months of this year only 3,151 were sold.

At this rate Porsche's 250 US dealers will do well to sell more than 5,000 cars between them this year. Mr Gnauert suggests that the arrival in the final two months of this year of the latest 968 model – and a further updated version of its largest, V8-engined 928 GTS – should lift sales above 5,000.

This US collapse has led Porsche Cars North America to cut its 350-strong staff by 25 per cent from the start of the month.

Porsche, like other European makers, puts [illegible] of the blame for the collapse on the luxury [illegible] imposed by the US government at the start of this year.

Some critics, pointing to the fact that Japanese luxury makes like Lexus and Infiniti are enjoying unchanged, or even increased, sales this year, [illegible] other factors may be at work.

[illegible] among them, some suggest, is that while Porsche was content to reap rich profits from the US during the 1980s – when Japanese competition was starting to emerge – it has done too little new product development to ensure customer loyalty now that Japanese rivals are coming into the market at *cheaper prices.*

Porsche executives reject this, pointing to the latest 968 model and recent Carrera 2 and Carrera 4 [illegible] of the 911 as being extensively re-engineered to the point they could be called "new model" designations.

The argument has received relatively short shrift from influential car consumer magazines like *Road & Track* in the US and *Car* in Europe.

The underlying concern for Porsche now is that it may not be able to bring on new products fast enough to prevent it suffering a slow financial haemorrhage as more aggressive and larger Japanese rivals compete for its market share.

Mr Gnauert and his colleagues *insist* that such fears are unfounded, and that this will be demonstrated in 1993 when Porsche will launch an all-new car.

Germany's bigger car companies will be watching developments with close interest. Both BMW and Volkswagen are [illegible] likely suitors should the Piech and Porsche families, who control all the ordinary shares and 40 per cent of non-voting preference stock, decide in the end that the game is not worth the effort.

Renault and Volvo increase co-operation with staff swap

By William Dawkins in Paris

RENAULT, the French state-owned car maker, and Volvo of Sweden yesterday took their *co-operation a significant step* further by exchanging senior staff in their French sales divisions.

Further exchanges of executives will follow and a working group will study other ways in which the partners' sales departments could co-operate, said Mr Loïc Caperan, Renault's commercial director for France.

This co-operation, the latest consequence of last year's share swap between the two car makers, relates to sales of cars and *light commercial vehicles, but* excludes the partners' truck businesses.

The exchange puts Mr Caperan on the board of Volvo Automobiles France and moves Mr Vincent de Laurens from director general of [illegible] networks for Volvo Automobiles France to director general of Renault Luxembourg. *Mr de Laurens is to be* replaced at Volvo by Mr Jean Lasserre, formerly Renault's [illegible] regional director.

Since the agreement, the two car makers have set up a [illegible] per cent jointly owned [illegible] subsidiary in France, launched in April [illegible]. They have [illegible] some procurement activities and exchanged "several dozen" executives in all departments.

Meanwhile, Renault has agreed to supply Volvo with diesel engines and the Swedish partner *is to supply Renault with petrol* engines of a type yet to be specified. The French company is also expected to provide engines [illegible] for Volvo's production at a [illegible] plant jointly operated with [illegible] of Japan.

Under last year's share exchange, Volvo has a 20 per cent stake in the French group – to *rise to 25 per cent in 1994* – and Renault has a 25 per cent stake in Volvo's car operations. Renault also took 5.5 per cent of AB Volvo, the Swedish group's parent company, and the pair took 45 per cent stakes in each others' truck divisions.

The aim of the latest co-operation is to "develop synergies" between their respective French sales forces, before the arrival in France of the new Volvo [illegible], said [illegible]. However, "the identity of each of the [illegible], in particular *the integrity of their product* ranges and the separation of dealer networks will be respected," it added. Volvo sells between 12,000 and 15,000 cars in France annually, a small fraction of last year's 2.3m registrations.

Fisons hit by drug approval delay

By Jane Fuller in London

PROFITS at [illegible] were cut by [illegible] £10m ($17.4m) [illegible] problems with the US Food and Drug Administration, Mr John Kerridge, chairman and chief executive, said yesterday.

The company reported first-half pre-tax profits of [illegible] – between [illegible] £10m short of analysts' expectations. They had only been told about part of the disruption to production of two Fisons's drugs following [illegible] in FDA requirements. The share price shed 35p to close at 464p in London.

However, taxable profits at the pharmaceuticals, scientific equipment and horticulture group grew nearly 6 per cent [illegible]. Turnover only inched [illegible] to £591m, [illegible].

Mr Kerridge [illegible] profit was [illegible] at the pharmaceuticals division because the FDA had [illegible] "enormously pedantic" following generic drug scandals.

The drugs affected were Opticrom, an anti-allergic eyewash, and [illegible], a [illegible] product. UK production had [illegible] modified [illegible] FDA requirements. [illegible] was [illegible] last week and Opticrom is expected to be [illegible] by October.

However, operating profit at the division increased [illegible] from £60.6m, helped by improved market share [illegible] asthma drugs in particular. Intal, for example, [illegible] in the US by 24 per cent and in Germany by [illegible] per cent. It recently gained approval in Japan.

[illegible] research and development, "which would not be cut under any circumstances", was running at more than £100m a year, the bulk of it on the pharmaceuticals side.

Scientific equipment, strengthened by the £270m acquisition of VG Instruments early last year, showed modest operating profit growth to £27m from £25m. With some industrial customers, this division was the most vulnerable to recession, but pollution control [illegible] had [illegible] effects.

Horticulture contributed £4.4m, up from £3.6m, with the help of acquisitions.

Net debt rose from £115m at the year-end to £185m (at constant exchange rates), reflecting acquisitions and the disruption of supplies to the US.

Earnings per share were flat at [illegible] after higher minority and tax charges. The interim dividend goes up to 3.3p, from 2.85p.

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Drugs outlook, Page 24

BASF to buy Siemens' stake in computer venture

By Alan Cane

BASF, the German chemicals group, is taking full control of Comparex, the computer marketing company it formed nearly five [illegible] ago with Siemens, the German electronics giant.

[illegible] will acquire Siemens' 33.5 [illegible] for [illegible] undisclosed sum, and the deal [illegible] expected [illegible] be completed by the end of [illegible] month.

BASF and Siemens formed Comparex in [illegible] as a European computer manufacturing and marketing operation, principally [illegible] supply mainframe computers [illegible] by Hitachi [illegible] Japan. In contrast [illegible] the majority [illegible] European-owned computer manufacturers, Comparex has [illegible]tly reported [illegible] profits. It has made a speciality of computer rental.

Comparex said yesterday that sales for the first half of [illegible] rose 3 per cent [illegible] DM522m ($300m) compared with [illegible] same period last year. It [illegible] not disclose six-month profit figures, [illegible] was "satisfactory in view [illegible] the difficult overall situation in [illegible] high-performance computer equipment market".

Overall sales of [illegible] computers have [illegible] the [illegible] has matured and customers have looked [illegible] cheaper solutions to [illegible] processing problems.

Comparex said the contribution made by mainframe [illegible] its sales dropped by 32 per cent in the first half of 1991, [illegible] revenues [illegible] computing [illegible] rose.

It warned that earnings in [illegible] worse than 1990 due to the rise in the value of the dollar. As a result of the unusually severe slide in prices, the earnings forecasts have had to be corrected.

The sale of the Comparex [illegible] is seen [illegible] a further step in the [illegible] the European computer industry. It [illegible] helps [illegible] a situation peculiar [illegible] companies marketing Japanese [illegible] in Europe.

[illegible] large computers using technology sourced from Fujitsu [illegible] Japan. It is also [illegible] absorb Nixdorf, [illegible] loss-making German minicomputer manufacturer. Siemens Nixdorf, the joint [illegible] formed as a result of [illegible] continues to make losses.

Hitachi sells [illegible] computers in Europe through Comparex and its own subsidiary, Hitachi [illegible] Systems.

Thomson-CSF wins network contract

By William [illegible]

FRANCE Télécom, [illegible] French telecommunications operator, [illegible] Thomson-CSF, the state-controlled defence [illegible] electronics group, [illegible] install equipment for a prototype broad band communications network.

Thomson-CSF is to develop interconnection equipment for a [illegible] band network based [illegible] Asynchronous [illegible] (ATM) technology, which [illegible] voice, data and [illegible] simultaneously at [illegible] speed along a single telephone [illegible]

France Télécom has [illegible] ordered prototype equipment [illegible] Alcatel, [illegible] communications supplier, [illegible] which [illegible] further studies [illegible] ATM technology.

This is likely to be the world's [illegible] operational ATM network when it opens in 1993, said a France Télécom official.

[illegible] worth "several tens [illegible] millions [illegible] francs" but the European market for this kind of service [illegible] expected to be substantial [illegible] coming [illegible] he said.

Norwegian insurer takes holding in Skandia

By Robert Taylor in Stockholm

UNI STOREBRAND, Norway's biggest insurance company, has bought 11.4 per cent of the [illegible] in Skandia, [illegible] largest insurance group.

The Norwegian insurance company will be Skandia's second largest shareholder. There [illegible] been stock market speculation that [illegible] Enskilda Banken does not intend to [illegible] option to buy 28.2 per cent of Skandia.

Mr Bo Ramfors, SEB's chief [illegible] said that [illegible] bank believed Uni Storebrand's share purchase was motivated by long-term industrial [illegible]erations.

He welcomed Uni Storebrand as a shareholder in Skandia and made clear that SEB would be ready to enter discussions of common interest with [illegible] Norwegian insurance company [illegible] the restructuring [illegible] and insurance sectors in both [illegible]den and the rest of the Nordic region.

Matra Comms falls into loss

MATRA Communication, a subsidiary of French electron[illegible] and transportation group Matra, suffered a loss [illegible] FFr106m ($18.3m) in the first half of 1991 compared with a profit of FFr18m in first-half [illegible] 1990, AP-DJ reports [illegible] Paris.

[illegible] Communication's con[illegible] revenue rose 6 per cent [illegible] FFr2.8bn from FFr2.64bn. The company said revenue was roughly unchanged. Operating results swung to a [illegible] FFr64m from a [illegible] profit of FFr70m.

Casino foods arm to be sold to BSN

CASINO, [illegible] French [illegible] group, has agreed to sell [illegible] prepared foods unit France Plats [illegible] to BSN the food [illegible] reports from Paris.

The terms of the sale were not disclosed.

Tesco interim advances 22%

By John Thornhill in London

TESCO, the UK supermarket group, yesterday continued its seemingly relentless growth by registering [illegible] per cent gain in interim pre-tax profits.

In spite of the recession and a laggardly summer trading period, Tesco increased taxable profits to £229.6m ($388.02m) from [illegible] and lifted its operating margin [illegible] 6.4 per cent from 5.8 per [illegible]

However, Sir Ian MacLaurin, chairman, said [illegible] currently running [illegible] lower levels than those achieved in the first half, with a decline [illegible] volume of 1 per from comparable space after food price inflation of [illegible] per cent had been stripped out.

However, [illegible] added that the company was continuing to gain market share and would benefit from increased productivity as a result of its heavy investment in information technology.

Tesco yesterday revealed [illegible] it [illegible] extending its sales-based ordering [illegible] for dry grocery products – which helps [illegible] turnover and improve the availability [illegible] goods – from 94 stores to 230 before Christmas.

Tesco is also experimenting with the ordering system on fresh food lines. It [illegible] this investment to add £15m a year [illegible] profits [illegible] the next three [illegible]

During the 24 weeks to August 10, sales, excluding value added tax, rose 12 per [illegible] £3.13bn. Just over half this increase [illegible] from existing stores; [illegible] rest was accounted for by sales from new [illegible]

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Kingfisher hurt by VAT increase and recession

By John Thornhill in London

KINGFISHER, the UK retailing and property group which embraces the Woolworths, B&Q and Superdrug chains, yesterday blamed a 4 per cent decline in pre-tax profits on the recession and the April increase in value added tax.

Mr Geoffrey Mulcahy, chairman and chief executive, said the company had endured the toughest trading period he could remember, and a quick recovery was not expected.

Profits before tax and exceptional items dipped to £62.8m ($108.1m) in the six months to August 3 from £65.4m. An exceptional profit of £8.1m, against £18.5m last time, resulted from the sale and leaseback of properties.

Sales edged marginally ahead to £1.48bn from £1.39bn.

Earnings per share fell to 11.2p from 14.2p. The interim dividend was raised to 4p from 3.8p as a sign of confidence in the future.

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Christiania gets back to basics

Karen Fossli talks to the new president of the Norwegian bank

MR Borger A. Lenth, [illegible] new president [illegible] Christiania Bank, Norway's second biggest bank, has set his sights on pulling the bank [illegible] profits by 1993.

He [illegible] after four [illegible] the most traumatic [illegible] in the bank's 143-year history, which culmi[illegible] month in the implementation [illegible] NKr2.1bn [illegible] cue plan.

Amid the crisis, Mr [illegible] executive, quit, while Mr Per Ditlev Simonsen, [illegible] board chairman, accused [illegible] former management [illegible] witholding information on [illegible] past [illegible] years.

Mr Simonsen's remarks prompted the Oslo [illegible] intitiate an investigation [illegible] the bank's financial affairs which determined that Christiania had failed to report losses accurately, despite advice from internal accounts auditors.

Christiania plunged to net losses of NKr1.6bn in the first half of this year against profits [illegible] NKr128m a year earlier, and [illegible] losses after [illegible] months had [illegible] NKr1.898bn from [illegible]

But Mr Lenth [illegible] not daunted by such [illegible] Indeed, he sees them as [illegible] a purging process [illegible] will [illegible] bank on track, [illegible] the morale [illegible] staff and [illegible]'s image.

During the year Mr Lenth's predecessor had at the helm he implemented a sweeping reorganisation of the bank into three [illegible] units [illegible] aim of creating a big Nordic financial conglomerate. Mr Lenth will dismantle [illegible] by merging [illegible] into [illegible] bank.

"In [illegible] end [illegible] strategy of splitting the [illegible] didn't succeed [illegible] of (Christiania's) weak financial [illegible] became clear [illegible] this could [illegible] be supported by profits."

Restoring Christiania's [illegible] health can only [illegible] achieved by setting more modest targets for growth [illegible] by returning the bank to "old traditions of decent banking practices," [illegible] Mr Lenth.

"[illegible] I [illegible] to [illegible] will be in sharp contrast to the kind [illegible] economy' which dominated Christiania in the recent past," he said.

Mr Lenth's priorities will be to cut costs so they are more [illegible] with the [illegible] bank can realistically expect to [illegible]erate. [illegible] condition for [illegible] injection [illegible] bank cut costs by up to NKr500m, or [illegible] per cent, annually.

"Christiania will have [illegible] internationally [illegible]petitive in Norway. Not in [illegible] sense [illegible] being Vikings who [illegible] out [illegible] conquer the world . . . that's not the point. [illegible] it is very much the point of not maintaining costs and overheads which will, in particular, make us uncompetitive in Norway," he said.

Christiania, he believes, was [illegible] in entering international banking but then grossly [illegible] capabilities.

Apart from serving the inter[illegible] of 4.2m Norwegians, [illegible] feels [illegible]t Christiania has to return to its core business of providing financial and banking [illegible] domestic clients [illegible] establish [illegible] Norway.

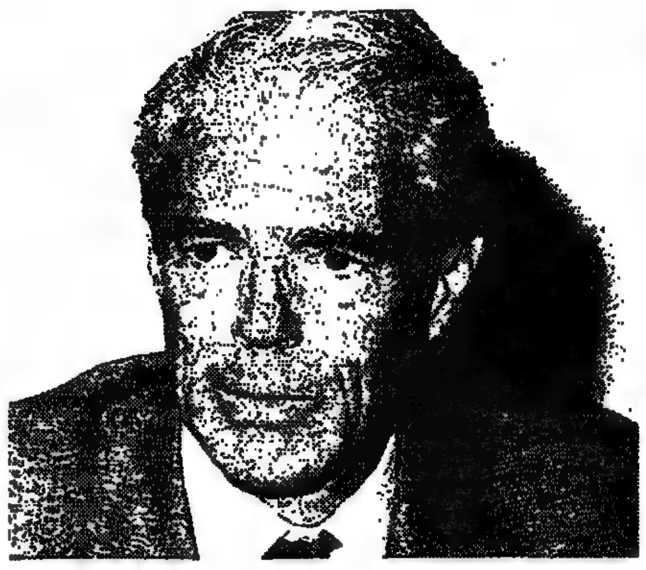
Burgeoning commercial [illegible] private bankruptcies [illegible] taken [illegible] on Norway's banks, while [illegible] have plunged [illegible] much as [illegible] per cent, by some estimates, [illegible] the last four years. Christiania is a comparatively large property holder.

Part of Christiania's troubles arose out of what Mr Lenth [illegible] between maintaining a high-flying image and the [illegible] of its [illegible]ting [illegible]vironment.

[illegible] not [illegible] with [illegible] bank's critics that previous management consciously [illegible] out [illegible] deceive au[illegible] "I personally feel they managed to de[illegible]hed themselves from reality," Mr Lenth said.

Mr Leth believes [illegible] the government could do more to prop up the country's banking system. In particular it could dismantle subsidies given to the postal banking system.

"At the moment there is a discrepancy between the services we provide and what our clients our willing to pay for. In my opinion we have an over-banked society," Mr Lenth said. "And, unfortunately, a lot of jobs within the banking industry will have to [illegible] A period in Norwegian banking history has come to an end."



Borger A. Lenth: priorities will [illegible] cut [illegible]

Statoil plans to build NKr2.5bn chemical plant

[illegible] Fossli in Oslo

STATOIL, the Norwegian state oil company, is pushing ahead with plans for the construction of a NKr2.5bn ($380m) chemical production plant.

The plant will be the first step in a three-stage strategy aimed at propelling the company to the top of the world league of production of MTBE, which is made by reacting methanol with isobutylene and [illegible] as an additive to improve the octane level of unleaded petrol.

The plant will be built on the [illegible] of Norway with a capacity [illegible] 500,000 tonnes annually. A second plant is aimed to be built at Antwerp where Statoil has a polypropylene plant which is 50-50 owned with US-based Himont.

Construction of a third, smaller, MTBE plant is being planned at a Norwegian west coast site where Statoil has Europe's most modern refinery. Output would be less than half of that planned for the other two facilities.

Production would be sold in world markets and also be used at Statoil's two crude oil refineries at Mongstad, in Norway, and Kallenborg, in Sweden. The [illegible] believes [illegible] the [illegible] demand for high[illegible] and unleaded fuel will expand as environmental concern pushes countries towards tougher emissions control legislation.

The company's plans will have to be approved by Norwegian authorities who recently signalled a change in heart over Statoil's plans to build a NKr2.3bn methanol plant.

General Electric to take $1.8bn charge

By Martin Dickson in New York

GENERAL Electric, the diversified US industrial and services group, said it would take a $1.8bn after-tax charge to net earnings to cover implementation of a new accounting [illegible] dard that all [illegible] companies must adopt by [illegible] end of 1993.

The standard, FAS [illegible] issued [illegible] December and requires employers to [illegible] post-retirement health benefits for [illegible] accrue, rather than when they are paid out.

GE said it would adopt the standard in the third quarter and restate its first-quarter earnings to reflect the charge, *which represented less than 10* per cent of its equity.

Companies can either take the charge all at once or spread it over 20 years; GE has chosen to use the former method.

It added that, despite a difficult economy, its diversity of businesses and continuing strong productivity gains should result in earnings per share increases for the third quarter, fourth quarter and year before allowing for the effect of the accounting change.

GPG acquires 14.9% stake in ASC

GPG, [illegible] investment [illegible] owned by [illegible] Investments of New Zealand, has acquired a 14.9 per cent interest in ASC of Australia, AP-DJ reports from Wellington.

GPG is managed by Sir Ron Brierley, the founder of Brierley Investments. The investment vehicle, formerly based in London, was listed on the New Zealand stock exchange in June when Brierley Investments made an issue of GPG shares to institutions and individual investors.

GPG has agreed to purchase a further 5 per cent of ASC on condition that approval is granted by Australia's foreign investment regulators for the company to exceed the 14.9 per cent limit.

At current market value of 36 Australian cents a share, GPG's 14.9 per cent stake in ASC is worth around A$2.5m.

It is ASC's second-biggest shareholder behind a combined 19 per cent stake owned by Manufacturers Mutual Insurance and its associated concern Armstrong Jones [illegible] Assurance.

Other [illegible] investments by GPG [illegible] a 14.9 per [illegible] stake in Melbourne-based investment [illegible] Keygrowth.

Spiegel to launch fashion catalogue for black women

By Barbara Durr in Chicago

SPIEGEL, [illegible] largest [illegible] direct-to-home mail order [illegible] pany, announced that it would launch a new catalogue with a clothing line [illegible] developed for black women. The [illegible] is [illegible] significant [illegible] by the company in marketing directly to minorities.

The catalogue venture is in partnership with Ebony, the leading general-interest magazine for black Americans. Under a licensing agreement, Ebony will provide [illegible] own mailing list and advice on the fashions – to be called "E Style" – included in [illegible] logue, which will [illegible] mailed [illegible] 1.5m consumers in 1993.

Mr John [illegible] president of Spiegel, said the partnership of [illegible] Chicago companies [illegible] Spiegel's catalogue expertise with Ebony's knowledge [illegible] the black consumer marketplace".

Black consumers are estimated to spend $13.3bn a year on clothing [illegible] tend to [illegible] a relatively larger percentage of their income on apparel.

Black women have different [illegible] body types, according to Mrs Linda Rice, president [illegible] Johnson Publishing, the publisher of Ebony. For this market niche, there were few product options and no single source to which consumers could turn, the partners said.

Specialised marketing campaigns to minorities are on the rise, though some have pro[illegible] *controversy* [illegible] the products, such as cigarettes and alcoholic drinks, [illegible] considered harmful [illegible] health.

RBC Dominion to buy broker for C$25m

By Robert [illegible] in [illegible]

RBC Dominion Securities, Canada's biggest inv[illegible] company, plans to buy McNeil Mantha, one of the few remain[illegible] independent full-service brokers, [illegible] (US$18m), or C$3 [illegible]

[illegible] aggressive expan[illegible] a national operation, specialising in retail [illegible] underwritings and options trading, [illegible] with the [illegible] stock market crash. It has been recovering slowly from a heavy loss in fiscal 1990.

The [illegible] controlled by [illegible] senior management group, headed by Mr Andre Desaulniers, with public participation. He and [illegible] other direc[illegible]

[illegible] by [illegible] Royal [illegible] of Canada. In the [illegible] September 30 it earned $22m on [illegible] and closed [illegible] sidiary. This year, [illegible] is showing signs [illegible] and the [illegible] retail [illegible]

Rural Bank of New Zealand tumbles 47%

RURAL Bank of New Zealand, which was sold by the government to Fletcher Challenge in 1989, yesterday reported a 47 per cent fall in after-tax profits to NZ$91.4m (US$53.8m) for the year to end-June.

Mr David Airey, managing director, said the result was "sound" given the downturn in world farm commodity prices and difficulties faced by New Zealand farmers.

The [illegible] before pri[illegible] existed [illegible] state enterprise to offer cheap loans to farmers, has continued to convert loans made on a [illegible] basis [illegible] commercial rates. As of June 30, 77 per cent of the loans carried [illegible] rates and [illegible]

Total assets rose 13.7 per cent [illegible] were up [illegible] per cent [illegible] NZ$644m. Shareholders' funds fell to [illegible] from NZ$437m.

The bank, [illegible] New [illegible] 23rd [illegible] last [illegible], has [illegible] adjusted capital [illegible] of 15.2 per [illegible] above Reserve Bank requirements.

C-17 starts its airborne trials

MCDONNELL Douglas's controversial programme to develop the C-17 military transport [illegible] passed a mile[illegible] on Sunday when it finally [illegible] its inaugural [illegible] writes Martin Dickson.

The C-17, [illegible] developed [illegible] the group's Long Beach, California, plant, has been plagued by cost over-runs and delays. The [illegible] flight marks the beginning [illegible] a two-year [illegible] programme.

First chink shows in Australian fares war

By Kevin Brown in Sydney

THE FIRST sign emerged yesterday [illegible] an end to the [illegible] which [illegible] been bleeding revenue from Australia's three main domestic airlines [illegible] the industry [illegible] deregulated 11 months [illegible]

Fares [illegible] some routes [illegible] fallen by up [illegible] per [illegible] the year, although most cheap fares [illegible] aimed at the relatively small off-peak leisure market rather [illegible] business [illegible] regular economy class [illegible]

Mr Bryan Grey, chief executive [illegible] Airlines, [illegible] of [illegible] three, said [illegible] were likely [illegible] from October, when many of [illegible] *currently-available price* [illegible] expire.

Mr Grey said the airlines [illegible] on "very thin [illegible] which [illegible] by deregulation and [illegible] a domestic recession.

"Our competitors must be bleeding very badly, and [illegible] are not doing so well ourselves," Mr Grey told [illegible] conference organised by [illegible] Bureau [illegible] *Industry Economics.*

"I don't think [illegible] air fares are going to stay in place for a long period of [illegible] because they [illegible] to the level where the airlines have to look to improve their returns," he said.

Mr Grey said Compass was operating [illegible] margins "hardly [illegible] viable level," in spite [illegible] relatively low [illegible]

"We know that when our competitors come to that price they [illegible] operating well under their cost structure. [illegible] because it must [illegible] them in the long run," he said.

However, Australian Airlines, the government-owned [illegible] airline which is to [illegible] privatised later [illegible] year, said it would make no decision [illegible] future fares until its Pay-As-You-Fly [illegible], which offers discounts of up [illegible] per [illegible], expires next month.

Ansett Australia, jointly owned [illegible] TNT and News Corporation, said it [illegible] fares [illegible] rise [illegible] fall in response [illegible] short-term market [illegible]

[illegible] only new airline [illegible] national routes [illegible] have entered the [illegible] the federal Labor government abandoned [illegible] decades-old [illegible] airlines policy in [illegible] last year. The airline flies only four aircraft [illegible] major [illegible], but has managed to win [illegible] 5 per cent [illegible] market from [illegible] and Australian.

Compass [illegible] expected [illegible] publish [illegible] results [illegible] 1990-1991 next week. The airline reported a [illegible] in [illegible] first six months, and said [illegible] might [illegible] pre-tax prof[illegible] of [illegible] forecast in the prospectus for its [illegible] flotation in mid-1990.

Australian, which reported a profit [illegible] A$9m for the first [illegible] months, [illegible] expected [illegible] achieve little more than [illegible] the operating level. Ansett [illegible] not publish results, [illegible] is believed [illegible] incurred [illegible] loss [illegible] year.

Jardine motors unit profits 20% lower

JARDINE International [illegible] Holdings, [illegible] motor vehicle trader in Hong Kong and [illegible] which [illegible] engineering products and services, said [illegible] net profits fell 20 per [illegible] in [illegible] first half to US$11.6m from $14.5m in the same period [illegible] year, [illegible] report.

Barlows shows its metal with sale

Philip Gawith on the company's move away from commodities

THE sale of Middelburg Steel and Alloys (MS&A) by Barlow Rand to Anglo American and Gencor gives all parties a stronger hand.

Barlows, South Africa's larg[illegible] industrial company, [illegible] pleased the market by taking [illegible] further step [illegible] from commodities. Samancor, the ferro-alloys producer in the Gencor stable, [illegible] access to enormous chrome reserves and *increased clout in* [illegible] *ferro*chrome [illegible]

Anglo and Gencor benefit from the considerably enhanced prospects of [illegible] joint venture Columbus stainless [illegible] project, to [illegible] by their respective subsidiaries, Highveld [illegible] and Samancor.

The essence [illegible] the deal [illegible] Anglo, [illegible] and [illegible] subsidiaries will pay R1.07bn [illegible] *buy* [illegible] *ferrochrome* and stainless [illegible] producer [illegible] from Barlow Rand. [illegible]'s stainless [illegible] inter[illegible] are valued at R500m and [illegible] ferrochrome interests at R575m.

The [illegible] interests, which will be integrated [illegible] the Columbus project, [illegible] being jointly funded by Highveld [illegible] and Samancor, while the ferro-alloy operations [illegible] *put* [illegible] *Samancor who will* fund half [illegible] purchase. The balance will [illegible] Anglo and its associate, [illegible] Beers, [illegible] in Samancor [illegible]

[illegible] catalyst [illegible] Barlows' announcement in May that it planned to reduce [illegible] in [illegible] wholly-owned MS&A. This was to reduce the buffeting of its [illegible] by the volatility [illegible] MS&A.

It was, as Mr Warren Clewlow, executive chairman [illegible] Barlows, has often remarked, an unacceptable [illegible] of the commodity tail wagging the industrial dog.

Barlows' original intention was not to sell MS&A, but to [illegible] it and, [illegible] time, to reduce its stake to [illegible] low [illegible] 30 per cent. This changed with the offer from Anglo American and Gencor.

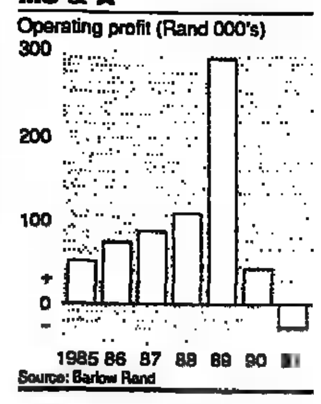
One [illegible] financial – analysts [illegible] Barlows would [illegible] have [illegible] such [illegible] price had it not been for the springboard potential which MS&A [illegible] Columbus partners.

The other was strategic. Mr Clewlow [illegible] his philosophy [illegible] that "you have got to [illegible] in [illegible] industries".

Post-Columbus, MS&A would have [illegible] a small player in the stainless steel field. "It was *going to* [illegible] *difficult* [illegible] to develop in the shadow of [illegible]umbus."

The [illegible] of the [illegible] for [illegible]lows [illegible] that [illegible] at the [illegible] group [illegible] cleared, the company [illegible] left with about R300m [illegible] – thus removing the [illegible] a rights [illegible] – [illegible] a loss-maker [illegible] removed which will bump up earnings in the short term and make them steadier in the lon[illegible] term.

Mr [illegible] Stuart, an industrial analyst [illegible] Martin, [illegible] helps [illegible] is good at – managing [illegible] manufacturing and trading [illegible] The cash available will [illegible] it some flexibility [illegible] capitalise [illegible] future opportunities. Mr Clewlow [illegible] "As [illegible] country [illegible] are poised. This [illegible] the time [illegible] [illegible] sure you are ready for [illegible] opportunities."



Samancor, the world's [illegible] ing ferro-alloys producer, [illegible] no [illegible] beneficiary [illegible] the deal. First, it gains [illegible] to very [illegible] chrome [illegible] in the [illegible] *the Henry Gould* [illegible] Winterveld mines. Second, [illegible] market dominance is consolidated – it [illegible] control about [illegible] world's [illegible] ferrochrome capacity after [illegible] Third, it [illegible] gain from a probable recovery [illegible] world ferrochrome price.

Fierce competition between South African ferrochrome producers [illegible] *the past* [illegible] *months has* driven the world price [illegible] to [illegible] cents/lb, [illegible] pared [illegible] of [illegible] 1989. Now MS&A, traditionally regarded [illegible] maverick producer, [illegible] removed from the equation. Mr Brian Gilbertson, [illegible] chairman, [illegible] they will [illegible] be rationalising existing production.

Finally, [illegible] prospects are also considerably enhanced by having [illegible] firm backing of [illegible] country's two largest mining houses, there having previously been bad blood [illegible] Anglo and Gencor over Samancor.

The other, crucial, angle [illegible] the deal is its impact on [illegible] prospects for the Columbus project. At full production of about [illegible] tonnes a year, combined with MS&A's existing capacity of [illegible] tonnes, [illegible] will make South Africa the world's fifth largest stainless steel producer.

The subject of endless [illegible]cussion [illegible] the past two years, it faced obstacles in the form of lack [illegible] access [illegible] foreign markets, because [illegible] tions, and the problem of South Africa's high [illegible] of capital and high tax rate making returns [illegible] low. The sanctions issue has now receded while the financial angle [illegible] addressed earlier this month with [illegible] government announcing tax-incentives for export oriented, mineral processing projects.

Coming [illegible] top [illegible] this, the technical, production and marketing synergies [illegible] by the acquisition of [illegible] existing stainless steel plant [illegible] project much [illegible] attractive.

This plant [illegible] now form [illegible] *basis for the Columbus project.* By lowering up-front [illegible] by [illegible] much [illegible] R1bn, compared with [illegible] initial [illegible] R3.1bn, [illegible] of [illegible] project are diminished considerably. Columbus will also benefit from [illegible] pooling [illegible] expertise between [illegible] and Anglo, who in Mr Graham Boustred and Mr Leslie Boyd [illegible] the [illegible] experienced steel and alloy executives in [illegible] country.

Sumitomo buys control of Valent

By Robert Thomson in Tokyo

SUMITOMO Chemical, [illegible] leading Japanese prod[illegible] of agricultural and basic chemicals, has taken 100 per [illegible] a California-based agricultural chemicals company, Valent USA, established jointly with Chevron Chemical three years ago.

Chevron and Sumitomo had taken an equal share in Valent, which had a registered capital base of $30m, but Chevron indicated [illegible] to withdraw from the agricultural [illegible] to concentrate on petrochemical products and [illegible] willing [illegible] sell the stake [illegible] its [illegible] partner.

Sumitomo, which did not [illegible]close the purchase [illegible], had [illegible] to purchase the stake [illegible] the [illegible] had wanted [illegible] expand the role of Valent, [illegible] 11th-ranked agricultural [illegible] producer in the US, but had [illegible] [illegible] its obligation [illegible]

Sumitomo, which exports [illegible] 13 per cent [illegible] its Japanese production, said control [illegible] Valent [illegible] base for the US market and give it [illegible] in developing products for [illegible]

The Japanese company, whose home market is in decline, [illegible] targeted the US market, believing that it will [illegible] an import [illegible] of sales [illegible]ogy products now [illegible] development. Sumitomo has [illegible] fame [illegible] Japan for developing new, more [illegible] of rice.

Valent, [illegible] in [illegible] Creek, California, has a staff of 200 and annual sales of about Y15bn ($112.3m), and runs [illegible] in [illegible]ppi, Iowa and California.

RHONE-POULENC Jardin, Europe's leading supplier of garden products, has sold its British subsidiary to Pan Britannica Industries, an agricultural chemicals offshoot of Sumitomo, the Japanese industrial group, writes William Dawkins in Paris.

A price was not disclosed for the sale of the subsidiary, May & Baker, which has an annual turnover of £1.2m ($2.08m), or almost 1.5 per cent of Rhône-Poulenc [illegible] own FFr900m ($156.9m) annual sales. The French group said May & Baker had little in common with its other European activities, given the special qualities [illegible] the UK market.

Rhône-Poulenc [illegible] 15 per cent of the European market for garden products and makes fertilisers, soil treatments, and products for house plants.

FAI Insurances falls into the red

By Kevin Brown

FAI Insurances, [illegible] Australian insurance and investment group, yesterday blamed "extremely difficult" trading [illegible] operating [illegible] of A$144m (US$115.2m) for the [illegible] the end [illegible] June, compared with [illegible] profit [illegible] A$18m last [illegible]

[illegible] Rodney Adler, chief executive, [illegible] the [illegible] reasons for the [illegible] underwriting [illegible] A$191m [illegible] property [illegible] than [illegible] by [illegible] deteriorating property [illegible] in Aus[illegible] and [illegible]

Mr [illegible] said [illegible] group [illegible] "severe measures" [illegible] underwriting [illegible] exposure [illegible] the property [illegible] However, the [illegible] warned that underwriting [illegible] would [illegible]

"[illegible] expect [illegible] significant improvement in our underwriting performance, although we are still budgeting for an underwriting loss. In this regard, [illegible] insurance results for July and August [illegible] in [illegible] with our budgetary expectations," Mr Adler said.

[illegible] said [illegible] underwriting [illegible] had been caused by [illegible] increase in fraud-related claims, higher [illegible] the continuing impact [illegible] natural [illegible]

The group said it had also [illegible] hurt by aggressive price-cutting intended to maintain market share. The board announced some time [illegible] price-cutting would [illegible]

Mr Adler [illegible] group had carried out a review and re-rating [illegible] all classes of [illegible] business on the [illegible] of tougher underwriting criteria.

Premium [illegible] fell [illegible] A$623m, but the group said [illegible] expense ratio was still one [illegible] the [illegible] in the Australian insurance industry.

[illegible] provisions for outstanding claims had been increased [illegible], in addition [illegible] unexpired [illegible] provisions [illegible], increasing [illegible] provisions [illegible] last [illegible] record A$1.136bn.

The board [illegible] be no final dividend [illegible] the 4 cent dividend announced after the first six months. The total dividend [illegible] 4 [illegible] compares with 9 [illegible]

Fergusson quits [illegible] head of Magnum

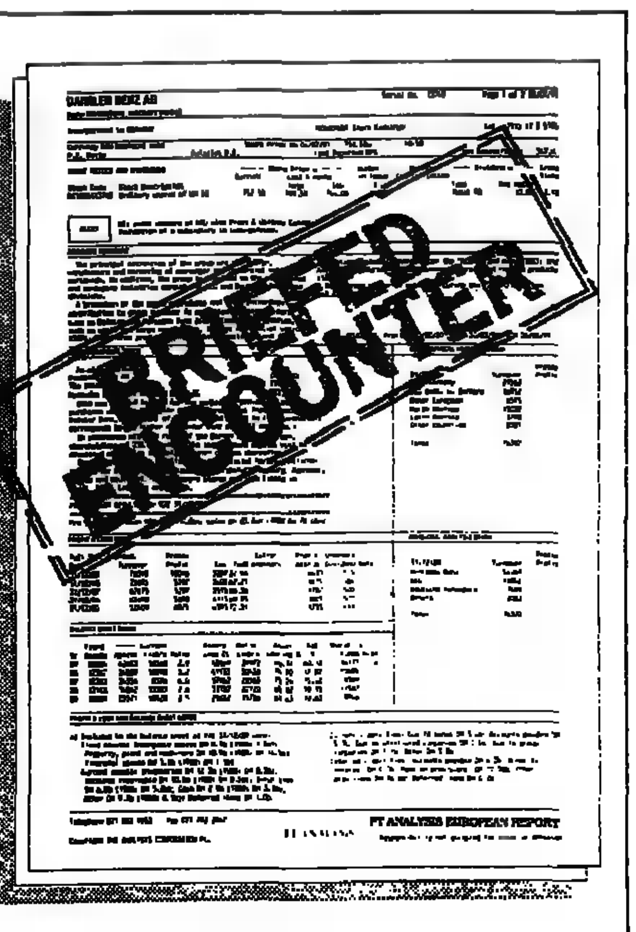
MR LINDSAY FERGUSSON, managing [illegible] of Magnum Corporation, [illegible] big Australasian liquor [illegible] food group, resigned yesterday, saying his [illegible] with the board could not [illegible] reconciled, [illegible] Terry Hall in [illegible]

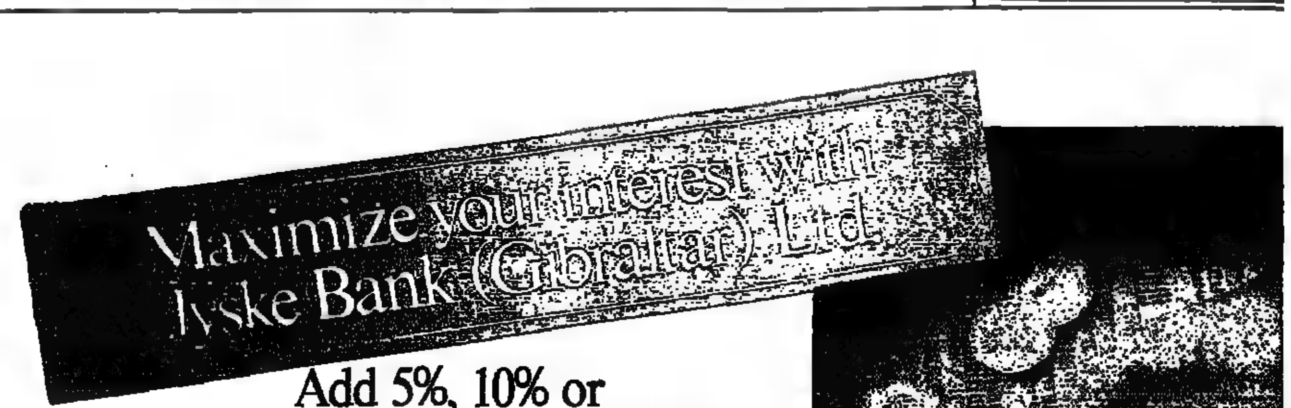
Mr Fergusson said he [illegible] agree with [illegible] on the [illegible] management and [illegible] the [illegible]

Control of the [illegible] changed early last [illegible] Brierley Investments [illegible] its controlling interest, forming [illegible] joint venture with Singapore-based Asia Pacific [illegible]eries, which is [illegible] by Heineken, the Dutch [illegible]

Mr Fergusson oversaw [illegible] expansion of Magnum's liquor [illegible] in Australia. The group took a 50 per cent inter[illegible] in Austotel, Australia's largest hotel chain, [illegible] per [illegible] Wilson Neill, [illegible] Tasmanian [illegible] and [illegible] hotel chain in the [illegible] Australia. Magnum also sharply [illegible] the [illegible] Zealand [illegible]

However, [illegible] group was badly [illegible] by higher [illegible] depressed trading [illegible] in [illegible] past year, and [illegible] recently announced a [illegible] drop in profits.





INTERNATIONAL CAPITAL MARKETS

Bank of England restrains new gilt issue to £1.5bn

By Tracy Corrigan in London and Karen Fossli in New York

PRICES in the UK gilts market were steady yesterday as dealers awaited details of the UK government's new issue on September 25. The announcement that the new supply would consist of £1.5bn of the 9½ per cent issue due 2004 was well received.

"The Bank of England is being very conservative," one dealer said, as the issue was both [illegible] and smaller in size than many traders had expected. There had been speculation that it would be in the 2008/2009 area, and would total as much as £2bn.

Consequently, dealers reported [illegible] switching into bonds maturing in 2008/2009. The 9 per cent gilt due 2008 gained ⅛, while slightly shorter-dated gilts in the area of the new supply lost a little ground.

There was little interest in data showing [illegible] government's public spending [illegible]ing requirement (PSBR) at £1.85bn last month, in line with [illegible].

"[The market] had discounted further supply of at least one main public [illegible] loan," one dealer said.

The government said it had already completed 93 per cent of its funding for [illegible], excluding any private placements.

"When traders get back to their desks [following the budget], they may decide that a 35 basis point spread over 10-year German bonds is worth buying," a dealer said. In Frankfurt, German government bond prices again ended unchanged in lacklustre trading.

BENCHMARK GOVERNMENT [illegible]		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.2250	+0.515	10.65	10.68	10.57
BELGIUM		9.000	06/01	96.8000	-0.100	[illegible]	[illegible]	9.30
CANADA *		9.750	[illegible]	[illegible]	[illegible]	9.49	[illegible]	9.72
DENMARK		[illegible]	[illegible]	99.2800	+0.005	9.11	[illegible]	[illegible]
FRANCE	BTAN	[illegible]	[illegible]	[illegible]	[illegible]	9.05	9.06	[illegible]
	OAT	[illegible]	[illegible]	[illegible]	[illegible]	8.88	8.91	[illegible]
GERMANY		[illegible]	08/01	[illegible]	[illegible]	[illegible]	8.42	[illegible]
ITALY		12.500	03/01	99.1400	-0.220	13.06	[illegible]	[illegible]
JAPAN	No 119	4.800	06/99	91.4394	-0.119	6.46	[illegible]	[illegible]
	[illegible]	[illegible]	03/00	[illegible]	-0.171	6.12	6.24	6.36
NETHERLANDS		8.500	03/01	98.1500	-0.110	8.75	8.78	8.79
SPAIN		11.900	07/98	101.4800	+0.030	11.44	11.54	11.96
UK GILTS		10.000	11/96	101-11	+01/32	9.63	9.66	10.06
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.71	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.51	[illegible]
US TREASURY *		7.875	[illegible]	[illegible]	[illegible]	7.84	7.72	7.84
		8.125	08/21	[illegible]	[illegible]	7.94	8.01	8.11

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■ BEARISH sentiment in the Dutch government bond market improved somewhat when it emerged at yesterday's national budget that the Dutch government's funding requirement for this year is lower than many traders had feared.

The market, however, showed little reaction to the [illegible] government's borrowing requirement for 1991 is now projected at Fl 46.5bn in 1991, revised from Fl 44.9bn.

Dealers said there had been some concern that the government had overspent substantially, and would need to raise an extra Fl 10bn. "The market had discounted further supply of at least one main public [illegible] loan," one dealer said.

■ US TREASURIES drifted lower in thin, lacklustre trading in the absence of [illegible] market-moving news.

At mid-session, the treasury's benchmark 30-year [illegible] was down ⅛ at 102⅛, yielding 7.94 per [illegible]. Shorter-dated maturities were off about ⅛.

The Federal Reserve added liquidity to the system by arranging overnight system repurchase agreements [illegible] Funds were trading at 5½ per cent. The new perceived target for the rate is 5¼ per cent. There was no policy meaning attached to the Fed's open market operation.

There was little reaction to the industrial production data released in the morning. Although industrial production for August rose only 0.3 per cent, below the 0.5 per cent the market had expected, [illegible] for July and June were revised upward. Industrial production rose 0.6 per cent in July, [illegible] earlier [illegible] of 0.5 per cent, while June was 0.8 per cent higher compared with previous estimates of 0.6 per cent.

■ THE JAPANESE government bond market re-opened yesterday, after a national holiday in Japan on Monday, to a small bout of profit-taking after a two-week rally, [illegible] for purposes of book-[illegible] at the end of the the first half of the Japanese financial year.

The benchmark No 129 issue slid during Japanese trading [illegible] 6.10 per cent and continued [illegible] weaken in European trading to 6.12.

Japan sets date for OTC link-up

THE JAPAN Securities Dealers (JSDA) has decided to launch computerised trading for the over-the-counter (OTC) market on October 28, AP-DJ reports from Tokyo.

The [illegible] system, Japan Securities Dealers' Association Quotation (JASDAQ), is expected to attract more [illegible] to the OTC [illegible], which has grown larger than the Tokyo Stock Exchange's second section in terms of market value.

The value of the OTC market's shares totalled Y15,280bn in August 1991, compared with Y12,000bn for the second section.

The system will increase the speed and capacity of daily trading, an official said. With the increased liquidity, stocks would be priced more appropriately.

The association also plans to introduce the JASDAQ index as a benchmark average index of the OTC market in October 1992.

All the OTC shares will be traded through computer terminals at securities companies directly connected to the main [illegible] at Japan Tento (OTC) Securities.

Japan Tento Securities, established in 1976, specialises in mediating OTC stock orders between securities companies.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:10 pm on September 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	[illegible]	[illegible]	[illegible]	6.81
ALBERTA PROVINCE 9 3/8 95	[illegible]	[illegible]	[illegible]	[illegible]	7.52
AUSTRIA 8 1/2 00	[illegible]	[illegible]	[illegible]	[illegible]	8.19
BANK OF TOKYO 8 3/8 96	100	[illegible]	[illegible]	[illegible]	7.96
BELGIUM 9 5/8 98	[illegible]	[illegible]	[illegible]	[illegible]	8.14
BFCE 7 3/4 97	150	100	[illegible]	[illegible]	7.73
BNP 8 3/8 94	[illegible]	[illegible]	[illegible]	[illegible]	7.32
BP CAPITAL 9 5/8 95	150	[illegible]	104	[illegible]	7.02
CANADA 9 96	1000	[illegible]	106	[illegible]	7.41
CARCO 9 1/4 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 9 1/4 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINSBK 7 94 LFr	600	94	95	[illegible]	[illegible]
KREDIETCORP 7 93 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 8 96 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNILEVER 9 00 FL	500	[illegible]	[illegible]	[illegible]	[illegible]
BCE INC 9 5/8 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELL CANADA 10 5/8 99 C$	150	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH COLUMBIA 9 1/4 95 C$	150	[illegible]	[illegible]	[illegible]	9.27
EIB 10 1/8 98 C$	130	[illegible]	[illegible]	[illegible]	10.13
ELEC DE FRANCE 9 3/4 99 C$	275	[illegible]	[illegible]	[illegible]	9.96
FORD CREDIT CANADA 10 94 C$	100	[illegible]	[illegible]	[illegible]	10.19
GENERAL ELECT CAP 10 1/4 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	9.33

[illegible]

Portuguese bank makes a spirited comeback

Patrick Blum looks at the return to strength of the country's Espirito Santo group

ESPIRITO Santo, the Portuguese financial group, is poised to regain control of Banco Espirito Santo e Comercial de Lisboa (BESCL) when the privatisation of its former business flagship [illegible] completed this year.

It will represent a remarkable comeback for the Espirito Santo group, which was forced into exile in Brazil when the bulk of its Portuguese assets – BESCL, two leading insurance companies and a wide range of industrial investments – [illegible] seized in 1975.

Today, the Espirito Santo group, which has stock market listings in London and Luxembourg, is one of Portugal's few businesses with a strong international presence.

Espirito Santo Financial Holding, the banking and financial arm, made net profits of $25.5m on assets of $2.37bn [illegible] this [illegible] tell the full story, since it excludes the assets of Companhia de Seguros Tranquilidade, Portugal's leading pension fund and life insurance group.

Together with an investor group, Espirito Santo bought 56.1 per cent [illegible] Tranquilidade (which also belonged to Espirito Santo before 1975) when it was privatised last [illegible]. At September 1990, Tranquilidade had [illegible] assets of $568m.

To re-acquire BESCL, Portugal's third biggest bank with an estimated value of about $1bn, the group has raised capital through a substantial borrowing programme. At the end of 1990, [illegible] had assets of $9.2bn.

Last July, the group secured a 23 per cent stake in the [illegible] when it was partly privatised through a flotation on the Lisbon bourse. It wants [illegible] raise [illegible] shareholding to around 51 per cent when the state's remaining 60 per cent comes up for sale.

Winning back BESCL will close a [illegible] in an [illegible] history [illegible] the Espirito [illegible] family. "Brazil was the [illegible]board for our return [illegible] Europe," says Mr Ricardo Espirito Santo Salgado, chairman. In 1976, the group set [illegible] the Banco Inter-Atlantico, an investment bank, in [illegible] de Janeiro, later acquiring a majority stake in a local insur[illegible] company.

The first step [illegible] into Europe came in 1977, [illegible] establishment of Compagnie Financiere Espirito Santo, a Lausanne-based fund management company. Other banking ventures in France, the US, Spain and Germany followed.

The group began making fresh inroads to Portugal in 1986 when the government reopened the banking sector to private initiative, establishing Banco Internacional de Credito (BIC) – corporate and private banking – in association with Credit Agricole of France, and Espirito Santo Sociedade de Investimentos (ESSI), an investment company.

Several specialised financial services companies followed [illegible] with recent acquisitions, Portugal now accounts for about 80 per cent of the group's [illegible].

Control of BESCL is central to the group's strategy. Mr [illegible] Santo Salgado says a minority stake would be unsatisfactory because it would leave the bank vulnerable to international acquisition. Later, when the moment is right, it may be possible to float some shares, he says.

BESCL, with over 1m clients, more than 170 branches (to be increased to 200 by year end), and more than 10 per cent of the Portuguese market, will provide a strong retail banking base enhanced [illegible] rest of the group's resources.

ESSI will continue its investment banking activities, [illegible] BIC will focus on private banking for high net worth customers. The group also plans to move into housing mortgage financing.

Besides financial services, the group is investing in Portugal's fast-expanding telecommunications and energy sectors. It has a 31.25 per cent stake in Telecel, an international [illegible] recently awarded the licence to operate a mobile telephone network.

Telecel is also competing for licences to operate a nationwide paging system and the country's first private mobile radio system, and plans to take a stake in Telefones de Lisboa [illegible] Porto, the state-owned telecommunications company, when it is privatised.

Mr Espirito Santo Salgado is optimistic about group prospects. "We're ready for the competition [illegible]d our strong international network will make us the most important Portuguese bank internationally, he says.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

Crédit Local privatisation will float 25% of bank

[illegible] William Dawkins in Paris

CREDIT Local de France, the state-controlled bank for local authorities, yesterday revealed that [illegible] impending flotation would involve 25 per cent of the bank's equity.

Mr Pierre Richard, president, [illegible] the government would sell around [illegible] per cent [illegible] its direct shareholding and that other investors would release another 5 [illegible] cent of [illegible] bank's equity.

Crédit Local, France's leading lender to [illegible] authorities, [illegible] biggest [illegible] on the French bond market [illegible] government. [illegible] flotation is the first [illegible] extended its partial privatisation programme.

[illegible] consortium of bank [illegible] are preparing [illegible] valuation [illegible] Crédit Local in time for a [illegible] market introduction at the end of November.

Currently, the state holds [illegible] per cent [illegible] Crédit Local's capital directly, with another 25 per [illegible] in the hands of the Caisse des Dépôts, [illegible] state-controlled financing network of which Crédit Local used [illegible] be a division until [illegible] transformation into [illegible] normal company in [illegible].

[illegible] mixture [illegible] foreign and domestic institutional shareholders [illegible] the [illegible] of the equity. They will [illegible] to sell, but the state and the [illegible] Dépôts will keep their combined shareholding [illegible] just [illegible] 50 per cent, [illegible] Mr Richard.

Mr Richard is [illegible] by [illegible] financial problems [illegible] have hit several over-indebted French [illegible] over the past year. He pointed out [illegible] Crédit Local's experience in [illegible] the [illegible] of often-impenetrable local authority finances gave it an [illegible] specialised lenders.

Crédit Local provides [illegible] cent of the lending to the country's local authorities and has an AAA debt rating. It has [illegible] FFr28bn so far this [illegible] on the [illegible] international markets, almost as much as in the [illegible] of [illegible], said Mr Richard. He expected Crédit Local to raise more than 70 per cent – FFr2bn – of its [illegible] the international bond markets [illegible] year.

Crédit Local lent FFr19.1bn in the first eight months of [illegible] year, 15 per cent more than during the same period in 1990. [illegible] balance [illegible] total [illegible] FFr243bn [illegible] last [illegible] from FFr214.5bn.

Japanese companies quiet [illegible] investors remain cautious

By Sara [illegible]

WHILE South Korean and [illegible] companies [illegible] preparing [illegible] launch [illegible] equity-linked bond [illegible] the next [illegible] weeks, their Japanese counterparts [illegible] noticeably absent from the international markets.

[illegible] host of [illegible] given for [illegible] shortage [illegible] Japanese equity-linked issues, including [illegible] Tokyo market, [illegible] investor [illegible] increasing their exposure to Japan, and the fact that September is usually a quiet time for Japanese companies, given [illegible] it [illegible] the end of their financial half-year.

Several London-based houses predict [illegible] Japanese [illegible] nies will remain loath to issue equity-linked [illegible] while [illegible] scandals surrounding Nomura and Nikko, [illegible] the "Big Four" securities firms, dominate the headlines.

News that Nomura is [illegible] pected of manipulating share prices, [illegible] that both Nomura and Nikko had paid compensation to investors for stock market losses and dealt with gangsters, has led to a sharp fall in [illegible] stock market.

[illegible] fall, many companies [illegible] reluctant [illegible] convertible bonds and bonds with warrants.

"Many J[illegible] companies [illegible] their share price [illegible] too [illegible] sell equity-linked [illegible] right now," [illegible] one equity syndicate manager, adding: "Japanese companies tend to feel a degree of responsibility to their investor base – unlike companies in certain other mar[illegible] – so th[illegible] tend to do equity-linked [illegible] when they think their share price will go up."

Furthermore, [illegible] has [illegible] more expensive for Japanese companies [illegible] swap the dollar proceeds [illegible] issues back into yen now, partly because coupon levels have risen in the last few years.

It [illegible] likely [illegible] large [illegible] do not actually need to raise [illegible] now will [illegible] until market conditions are more [illegible].

INTERNATIONAL EQUITY ISSUES

■ Warnaco Group, [illegible] US underwear and menswear manufacturer, [illegible] expected [illegible] about $100m in [illegible] public offering.

The company, which [illegible] won approval [illegible] New [illegible] Stock Exchange listing, is selling 5.75m shares, [illegible] which 1.15m are [illegible] at international [illegible]. The indicated price [illegible] and $18 per share. Morgan Stanley is lead manager for the issue.

■ Thai Farmers Bank, one of the larger banks in Thailand, [illegible] raising [illegible] $120m of new capital. It is issuing 10m shares, of which [illegible] will be [illegible] internationally, mainly to Far Eastern funds [illegible] in London [illegible] Hong Kong.

■ SCUDDER Stevens & Clark has launched [illegible] Global Small Company Fund, Reuter reports from New York.

The fund does not [illegible] sales charges, redemption fees [illegible] marketing [illegible]. The minimum investment is $1,000, and $500 for [illegible] Retirement [illegible].

SNB seeks separate takeover legislation

By William Dullforce in Geneva

SWITZERLAND'S new stock exchange law should not concern itself with public take[illegible] procedures, the Swiss National Bank [illegible] said [illegible]terday. It should also allow greater freedom for self-regulation [illegible] the [illegible] than that provided for in [illegible] legislation prepared by the Finance Ministry.

In a position paper [illegible] public yesterday, the central bank generally endorsed the draft. It said it created a modern and liberal framework [illegible] securities trading broadly compatible with the [illegible] and regulations [illegible] European Community. It approved the transfer of supervisory authority over the bourses from the [illegible] govern[illegible] to [illegible] Federal Banking Commission.

The SNB proposed, however, that [illegible] procedures be dealt with in [illegible] separate [illegible]. Moreover, while [illegible] Finance Ministry's draft could [illegible] buyer [illegible] declare [illegible] a company [illegible] owned 5 per cent [illegible] share capital, [illegible] would [illegible] threshold.

In seeking separate legislation for takeovers, the central bank supports the position of Mr Robert Studer, president of Union Bank of Switzerland. Rules for takeovers have become a controversial issue, and bankers fear a decision by the Finance Ministry to cover takeover regulations in a stock exchange bill could [illegible] its passage through parliament.

Separately, the SNB objected that the Finance Ministry had defined illegal manipulation of share prices too broadly. The definition should be [illegible] instances where false information is supplied with the deliberate intent of influencing prices.

Under [illegible] programme agreed last year, the number of Swiss bourses is being reduced from [illegible] to three – Zurich, Geneva and [illegible] – while planning [illegible] already well advanced for a switch to a single electronic stock exchange. With reservations, the three bourses have welcomed the draft legislation.

Demand focuses [illegible] Canadian deals

[illegible] Simon London

THE STRENGTH of international demand for Canadian dollar bonds continues to defy expectations, with [illegible] further C$1.5bn bonds launched yesterday.

Bond syndicate [illegible] said last week's cut in US interest rates had intensified the focus on higher-yielding alternatives to dollar-denominated bonds. The Canadian government 30-year bond was yesterday yielding 176 basis points more than the [illegible] government long bond.

Province of British [illegible] made a rare [illegible] to [illegible] international market, launching [illegible] C$500m seven-year deal. The issue, lead-managed by [illegible] Bank Corporation, [illegible] per cent coupon, [illegible] priced [illegible] yield [illegible] points more than Canadian government [illegible].

The [illegible] were priced roughly in line [illegible] seven-year [illegible] by [illegible] Province [illegible] Ontario, although [illegible] carries [illegible] stronger [illegible] rating and [illegible] frequent borrower.

Launched early [illegible] the day, [illegible] buying from the Far East as well as conti[illegible] European demand. The bonds traded at around [illegible] re-offer price [illegible].

Hydro Quebec [illegible] $1.1bn 30-year global [illegible] issue, following [illegible] similar [illegible] from [illegible] Hydro last week. The [illegible] will [illegible] priced [illegible] yield 82 basis points more than Canadian government long bonds, against [illegible] basis points available on [illegible] Ontario [illegible] in [illegible] secondary market.

The Hydro Quebec deal will be priced this afternoon, and is joint lead-managed by Merrill Lynch, [illegible] Levesque Beaubien and [illegible].

Finland came with [illegible] tightly-priced Ecu500m 10-year deal, lead-managed [illegible] J.P. Morgan [illegible]. The bonds carry [illegible] coupon of 8¾ [illegible] and were priced [illegible] yield around [illegible] basis points [illegible] than French government Ecu bonds, [illegible] benchmark [illegible] the [illegible].

[illegible] rally in [illegible] Ecu [illegible] has been such in the past month that the [illegible] yesterday yield just 23 [illegible] points more than D-Mark bonds by [illegible] same [illegible].

The pricing [illegible] tight [illegible] fair by participants in [illegible] deal. However, syndicate [illegible] said the deal suffered from the [illegible] subdued tone in the secondary market this week and rumours of further large issues from sovereign and supranational issuers – notably Spain, Belgium and the European Bank for Reconstruction and Development.

From a fixed re-offer price of 99.25, the bonds traded down to 99 bid by late afternoon, against fees of 0.325 per cent.

Also in the Ecu sector, Japan Highway, the government-backed road financing agency, came with a Ecu140m seven-year deal, lead-managed by Bank of Tokyo Capital Markets. The paper offers a coupon of 8¾ per cent and was priced to yield 8.95 per cent. The bonds traded at around the fixed re-offer price of 99.60.

CVRD, the Brazilian iron ore producer in which the Brazilian government has a controlling interest, added its name to the list of Latin American borrowers to tap the international bond market. The company launched a $300m three-year deal lead-managed by Citicorp Investment Bank. It pays a semi-annual coupon of 10 per cent and was re-offered to investors at a fixed price of 98.404. At this level, the yield spread over US government bonds is 5 per cent.

Participants in the deal reported broad interest in the paper from European and US accounts. A tranche of the issue will be placed in the US by the lead manager under rule 144a.

● Bankers were yesterday preparing for the official launch of South Africa's first public Eurobond offering since 1985, possibly as soon as today. Deutsche Bank, which is lead-managing the deal, declined to comment on the timing of the deal.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	[illegible]	Price	Maturity	Fees	Book runner
[illegible] DOLLARS						
Comp.Vale do Rio Doce(b)†	300	10	98.404	1994	1¼/⅞	[illegible] Inv.Bank
Daiwa Kosho Lease(a)¢	170	4½	100	1995	2¼/1½	Daiwa Europe
Han Yang [illegible] Corp(c)§	50	(3¼-3¾)	100	2006	2½/1½	[illegible]
ECUs						
Republic of Finland(a)†	500	[illegible]	99¼	2001	[illegible]	Morgan Secs.
Japan Highway Public Corp(a)†	140	[illegible]	101.175	1998	1⅞/1.725	[illegible] Cap.Mkts.
CANADIAN DOLLARS						
[illegible]	500	10	101.275	1998	1⅞/1¼	[illegible]
[illegible]						
Metropolis of Tokyo(a)★★†	[illegible]	7	101½	1996	-	IBJ (Schweiz) -
City of Copenhagen(a)★★†	[illegible]	7	101¼	1996	-	Bank Leu
Nippon Signal★★†	80	[illegible]	100	1995	-	Morgan [illegible] SA
YEN						
Japan Air Lines Co.(a)†	20bn	[illegible]	101¾	2002	2/1¼	[illegible]
Japan [illegible] Lines Co.(a)†	10bn	[illegible]	101¼	2001	2/1¼	Daiwa Europe

[illegible] §Convertible. ¢With equity warrants. ‡Floating rate [illegible]. †Final terms. a) Non-callable. [illegible] Put option [illegible] at [illegible] Coupon payable semi-annually. c) Callable 1/1/94 at 104% declining 1% annually. Put option 4/10/[illegible] 7½%-8%, [illegible] 4/10/98 to yield 9⅛%-8⅝%.

Advance [illegible] telecom sale

By John Barham in Buenos [illegible]

A GROUP of local and international banks has agreed [illegible] advance [illegible] government $300m [illegible] of the $800m it expects [illegible] sale of 30 per cent of Argentina's [illegible] privatised telephone [illegible]panies.

Morgan Stanley and [illegible] Argentine partner Banco Roberts, together with Banco de Galicia [illegible] Spain, [illegible] Tornquist, an affiliate of Crédit Lyonnais, and locally-owned Banco Rio [illegible] la Plata, [illegible] to [illegible] the funds to Argentina's Treasury at an annual [illegible] rate of 11 per [illegible]. They are acting as underwriters to the sale.

Mr [illegible] Vedrado, president of the National Securities [illegible], said [illegible] would go [illegible] the insolvent social security fund, which [illegible] be restructured and privatised by the end of this year.

The government's [illegible] per cent holding in the [illegible] telephone companies is [illegible] be floated [illegible] local and international capital markets in November, a year [illegible] they were created through the privatisation of ENTel, the state-owned telephone network.

Scapa secures Pru loan

By Richard [illegible]

PRUDENTIAL Insurance Company of America yesterday [illegible] further [illegible] of [illegible] interest in lending long-term [illegible] UK companies with [illegible] of a $100m deal for Scapa Group.

The US's largest insurer has already proved an active long-term lender [illegible] in transactions involving [illegible] Holdings and Simon Engineering, [illegible] UK companies which are [illegible] to develop their US operations.

Scapa, a manufacturer of specialist [illegible] the paper and printing industries, [illegible] in a US acquisition last month.

The latest private placement involving the Prudential, arranged by Lazard Brothers, [illegible] UK [illegible] of the investment banking group, enables Scapa to refinance a variety of short- and medium-term dollar debt and some of it bank finance, [illegible] well as to raise new money.

The fixed [illegible] of 9.47 [illegible] cent [illegible] spread [illegible] roughly 1.5 per cent over the US long bond. The 15-year deal has an average life of just over 11 years.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number [illegible] stocks per section	Tue Sep 17 Index No.	Day's Change %	Est. [illegible] (Max.)	Gross Div. [illegible] (Act at (25%)	Est. P/E Ratio [illegible]	xd adj. 1991 to date	Mon Sep 16 Index No.	Fri Sep 13 Index No.	Thu Sep 12 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (183)	856.30	-0.7	9.43	5.64	13.14	28.07	862.49	867.25	871.75	690.83
2	Building Materials (24)	1118.87	-0.6	8.01	5.56	15.93	33.99	1125.38	1124.99	1132.01	846.25
3	Contracting, Construction (31)	1184.80	+0.1	8.31	6.36	16.31	42.94	1184.04	1174.77	1172.26	1062.49
4	Electricals (11)	2404.47	+0.1	9.98	5.49	13.39	69.65	2402.53	2429.23	2456.19	1878.29
5	Electronics (24)	1771.41	-0.2	9.97	5.08	12.55	49.11	1774.65	1775.79	1802.21	1531.40
6	Engineering-Aerospace (8)	368.73	-1.6	16.76	6.80	7.20	14.36	374.75	378.57	378.49	412.74
7	Engineering-General (45)	494.76	-0.7	10.47	5.18	11.71	14.61	498.49	501.51	501.97	390.45
8	Metals and Metal Forming (8)	450.26	-0.8	14.55	7.84	8.34	17.48	453.78	449.40	448.14	403.28
9	Motors (12)	359.65	-0.8	8.15	6.68	15.68	14.36	362.48	364.70	366.25	286.45
10	Other Industrial Materials (20)	1622.47	-1.2	7.88	5.02	15.07	55.15	1642.26	1669.63	1680.00	1170.07
21	CONSUMER GROUP (188)	1556.25	-0.8	7.40	3.98	16.68	30.65	1569.43	1580.36	1584.10	1161.47
22	Brewers and Distillers (22)	1895.11	-0.6	8.11	3.53	15.04	34.88	1907.50	1920.02	1927.29	1425.99
25	Food Manufacturing (19)	1237.82	-0.2	9.29	4.03	13.30	26.32	1240.04	1244.89	1246.39	990.94
26	Food Retailing (17)	2633.40	-2.9	8.17	3.17	16.01	45.01	2712.32	2727.97	2726.16	2400.41
27	Health and Household (22)	3668.94	-0.7	5.51	2.56	20.82	58.20	3695.62	3736.16	3749.26	2311.48
29	Hotels and Leisure (23)	1365.42	-0.8	8.00	5.16	15.22	37.66	1376.36	1379.07	1388.58	1166.30
30	Media (26)	1533.82	....	7.19	4.63	18.13	41.89	1533.76	1531.02	1536.26	0.00
31	Packaging, Paper & Printing (18)	759.57	....	7.33	4.27	16.57	22.26	759.98	767.86	768.47	486.40
34	Stores (32)	1015.46	-1.0	7.50	3.66	17.40	18.14	1025.54	1036.49	1035.34	747.69
35	Textiles (9)	637.90	-0.8	7.22	4.87	17.58	15.16	643.32	645.92	651.48	404.10
40	OTHER GROUPS (109)	1284.17	+0.4	9.41	5.06	13.31	35.14	1279.09	1280.58	1287.23	974.18
41	Business Services (12)	1437.89	-0.4	7.50	4.57	16.50	30.08	1443.24	1437.37	1439.46	0.00
42	Chemicals (21)	1435.32	-0.3	7.08	5.03	17.46	47.20	1440.08	1468.54	1479.90	980.72
43	Conglomerates (10)	1498.15	+1.0	9.81	7.04	12.34	37.80	1483.32	1478.08	1493.09	1279.47
44	Transport (13)	2372.91	-0.1	7.19	4.79	17.23	66.14	2375.15	2368.98	2366.23	1860.59
45	Electricity (16)	1243.69	-0.1	14.20	5.23	9.04	27.53	1244.56	1243.88	1244.13	0.00
46	Telephone Networks(4)	1563.00	+1.4	9.59	3.88	13.64	28.34	1540.75	1524.30	1541.40	1099.50
47	Water(10)	2532.39	+0.3	16.15	6.08	6.86	118.37	2525.80	2528.70	2513.36	1975.17
48	Miscellaneous (23)	1868.06	-0.4	5.36	5.30	25.83	68.99	1876.34	1908.70	1912.12	1482.03
49	INDUSTRIAL GROUP (480)	1299.00	-0.4	8.44	4.45	14.72	32.07	1304.46	1310.74	1315.75	989.93
51	Oil & Gas (20)	2389.71	-0.4	10.90	5.81	12.13	92.64	2398.71	2441.00	2460.34	2454.65
59	500 SHARE INDEX (500)	1393.47	-0.4	8.74	4.62	14.35	36.86	1399.25	1408.16	1414.25	1108.68
61	FINANCIAL GROUP (92)	831.53	....	-	5.62	-	29.98	831.29	835.64	839.80	662.24
62	Banks (9)	966.88	-0.2	4.41	5.51	42.56	36.83	969.13	977.67	982.60	696.79
65	Insurance (Life) (7)	1592.32	+1.4	-	5.31	-	60.57	1570.43	1593.35	1587.12	1298.43
66	Insurance (Composite) (6)	641.33	-1.0	-	6.87	-	28.25	648.07	648.36	664.14	565.64
67	Insurance (Brokers) (9)	1167.85	-0.3	6.98	5.78	18.75	41.27	1171.00	1179.30	1165.78	788.62
68	Merchant Banks (7)	461.68	+0.3	-	4.54	-	12.54	460.36	460.33	457.07	344.33
69	Property (36)	964.43	+0.7	5.76	4.83	24.46	22.40	957.99	951.34	953.91	885.67
70	Other Financial (18)	268.09	+0.1	10.70	6.78	11.75	9.28	267.71	268.96	268.32	245.03
71	Investment Trusts (69)	1243.46	....	-	3.48	-	25.50	1243.11	1251.78	1250.67	1027.27
99	ALL-SHARE INDEX (661)	1257.00	-0.3	-	4.72	-	34.68	1261.32	1269.19	1274.61	1001.50

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 16	Sep 13	Sep 12	Sep 11	Sep 10	Year ago
FT-SE 100 SHARE INDEX‡	2594.4	-11.6	2612.7	2587.1	2606.0	2625.8	2641.9	2626.6	2630.8	2064.0

FIXED INTEREST

	PRICE INDICES	Tue Sep 17	Day's change %	Mon Sep 16	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.74	-0.04	122.79	2.31	8.23
2	5-15 years (27)	135.60	-0.06	135.68	2.03	9.88
3	Over 15 years (9)	143.39	-0.08	143.51	0.72	10.60
4	Irredeemables (6)	160.80	+0.03	160.76	2.88	8.83
5	All stocks (70)	133.80	-0.06	133.88	2.04	9.48
	Index-Linked					
6	Up to 5 years●(2)	164.26	+0.01	164.25	0.32	2.72
7	Over 5 years ●(9)	148.17	-0.13	148.37	0.57	3.42
8	All stocks ●(11)	149.27	-0.11	149.44	0.53	3.40
9	Debs & Loans (58)	115.22	+1.00	114.09	2.14	7.83

	AVERAGE GROSS REDEMPTION YIELDS		Tue Sep 17	Mon Sep 16	Year ago (approx.)
	British Government				
1	Low	5 years	8.56	8.54	11.06
2	Coupons	15 years	9.35	9.35	11.06
3	(0%-7¾%)	20 years	9.35	9.35	11.06
4	Medium	5 years	9.64	9.62	12.14
5	Coupons	15 years	9.51	9.50	11.58
6	(8%-10¾%)	20 years	9.47	9.46	11.28
7	High	5 years	9.83	9.81	12.23
8	Coupons	15 years	9.59	9.58	11.85
9	(11%-)	20 years	9.52	9.51	11.60
10	Irredeemables†		9.56	9.56	11.15
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.●	3.97	3.96	4.70
12	Inflation rate 5%	Over 5 yrs.●	4.22	4.21	4.34
13	Inflation rate 10%	Up to 5 yrs.●	3.32	3.31	3.45
14	Inflation rate 10%	Over 5 yrs.●	4.04	4.02	4.14
15	Debs &	5 years	11.29	11.28	13.97
16	Loans	15 years	11.01	11.07	13.07
17		25 years	10.79	10.92	12.75

‡Opening index 2611.2; 9 am 2607.8; 10 am 2595.4; 11 am 2598.5; Noon 2592.8; 1 pm 2592.9; 2 pm 2592.9; 2.30 pm 2589.5; 3 pm 2591.6; 4.10 pm 2595.4; (a) 8.39am (b) 2.43pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991. ●- Corrected figures for 16/9/1991:- All stocks 149.44, 1 to 5 years 164.25, Over 5 years 148.37. Redemption Yields- 5% up to 5yrs 3.96, 5% over 5yrs 4.21, 10% up to 5yrs 3.31, 10% over 5yrs 4.02.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	59	23
Corporations, Dominion and Foreign Bonds	0	5	15
Industrials	275	284	944
Financial and Properties	130	113	516
Oils	12	28	48
Plantations	0	0	10
Mines	[illegible]	45	83
Others	[illegible]	59	47
Totals	473	593	1,686

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
180	F.P.	-	193	188	Adam & Harvey	193		W10.0	5.9	6.9	3.3
25	F.P.	-	40	29	‡Airbreak Leisure 5p	40	+8	u1.75	1.8	5.8	10.4
!	F.P.	-	110	105	Capital Ventures 1p	110		-	-	-	-
4	F.P.	-	9¼	4¼	Cliver 1p	5		-	-	-	-
-	F.P.	-	23	21	Eng. & Scott. Wrnts.	23		-	-	-	-
-	F.P.	-	320	213	Eurotunnel '91 Wrnts.	264	+4	-	-	-	-
100	F.P.	-	110	105	Gartmore Scotland Inc.	110		M11.6	-	14.1	-
100	F.P.	-	99	85	Do. Capital	97		-	-	-	-
-	F.P.	-	£655	£605	Do. Units	£640		-	-	-	-
146	F.P.	-	163	148	Irish Life Ir10p	162		RQ102%	-	5.6	-
100	F.P.	-	107	101	Kleinwort High Inc. 5p	107		M7.5	-	9.3	-
§§290	F.P.	-	323	297	Lowndes Lambert 5p	316	+1	111.5	1.9	4.9	14.8
††	F.P.	-	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
50	F.P.	-	54	47	‡Simpsons of Cornhill 5p	48		-	-	-	14.9
1	F.P.	-	¼	½	‡Stanelco 1p	¼		-	-	-	-
100	F.P.	-	106	100	US Smaller Cos.	106		-	-	-	-
100	F.P.	-	37	23	Do. Warrants	37		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd. Deb. 2001	98½	-1
100	F.P.	-	90	79½	Clayhithe 9½pc Cnv. Ln. 2000-01	79½	
100p	F.P.	-	111½p	104¼p	Gartmore Scotland Zero Div Prf.	111½p	+½
100p	F.P.	-	109½p	102½p	Kleinwort High Income Zero Div Prf.	109½p	+½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
31	Nil	-	5pm	3pm	Kleen-E-Ze	3pm	
220	Nil	-	49pm	42pm	Ladbroke 10p	44pm	
25	Nil	-	3pm	¼pm	Mayflower Corp. 5p	1pm	
435	Nil	-	102pm	84pm	P & O Defd. £1	85pm	-7

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e [illegible] annual [illegible]. M Div[illegible] yield based on prospectus or other official estimates for 1991-92. N [illegible] and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

■ First Dealings Sept. 9
■ Last Dealings Sept. 20
■ Last [illegible] [illegible]5
● For settlement Dec. 16

For rate indications see end of London Share Service

Calls in Aviva Pet., Barratt Devs., Caird, Hanson warrants, Natl. Home Loans, [illegible] Elects. and Wilshaw. Put in Maxwell Comm. Puts and calls in Owners Abroad and WPP.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allд Lyons (*594)	550	55½	[illegible]	84	7	16	20½
	600	27½	[illegible]	56½	25½	36	40
	650	11	22½	34½	59½	[illegible]	[illegible]
ASDA ([illegible])	[illegible]	[illegible]	11	12½	2½	4	6
	100	2½	[illegible]	8	6½	10½	11½
	110	1	[illegible]	-	15½	16½	-
Brit. Airways ([illegible])	160	25½	27½	33½	1	5	7
	180	10½	15	20½	6	11½	13
	200	1½	7	11½	17	22½	24½
SmKl Beecham A ([illegible])	700	71½	-	-	1½	-	-
	750	32½	56½	74½	11½	24	30½
	800	10½	31	48½	40	47½	53½
Boots (*430)	[illegible]	[illegible]	50	64	1	5	7½
	[illegible]	[illegible]	29½	45	6½	13½	18½
	[illegible]	4	12½	[illegible]	[illegible]	[illegible]	37½
B.P. (*328)	[illegible]	[illegible]	[illegible]	[illegible]	½	3½	6
	330	7	14½	19½	8	14	17½
	360	1	5	9	32½	33½	36½
British Steel (*125)	120	6½	9½	13	2	5½	6½
	130	2½	5	7½	7	11	12
	140	½	1½	4½	16	18	19
Bass (*959)	950	-	47½	75	-	37½	45½
	977	19½	-	-	30½	-	-
	[illegible]	-	[illegible]	-	-	69½	[illegible]
[illegible]	500	66½	78½	-	[illegible]	[illegible]	-
	550	25½	43	60	8½	20½	24½
	600	5½	20½	34½	40	47½	50
Courtaulds (*492)	460	38	51	65	3	9½	12½
	500	12½	27	42	16½	24	26½
Com. Union (*515)	500	25	42½	50½	5	10½	18
	550	3½	16	24	35	36½	42½
Fisons (*464)	460	17	31	43	9½	18½	24½
	500	4	14½	24	36	42	35
GKN (*373)	360	22	34	40½	6	12½	20½
	390	6	21	26	21½	26	36
Grand Met. (*823)	800	38½	63½	76½	10½	[illegible]	[illegible]
	850	12½	36	49½	34½	[illegible]	[illegible]
I.C.I. (*1267)	1250	47½	96½	111	21½	40	58½
	1300	24	68½	83½	50	63½	83½
[illegible]	550	21	40	55½	12	22	27½
	600	5½	20	32½	46	50½	52½
Ladbroke (*271)	260	9½	18½	23½	10	15½	19½
	287	2½	10	15½	23½	27½	30
Land Secur (*532)	500	34½	43½	56½	2½	8	11
	550	4½	14½	27	20½	28	34½
M & S (*278)	[illegible]	[illegible]	[illegible]	[illegible]	1½	5½	[illegible]
	280	8	15	22½	7	13½	15½
Sainsbury (*355)	330	-	-	47	-	-	7
	356	9½	21	-	9	14½	-
Shell Trans. (*506)	500	17½	34½	38½	6	13½	19
	550	1½	10½	13½	45½	45½	47½
Storehouse (*121)	120	5½	9½	[illegible]	4	[illegible]	9½
	130	2½	5½	8½	10½	[illegible]	14½
Trafalgar (*237)	231	13½	22	-	6½	17½	-
	240	-	-	22½	-	-	26
Utd. Biscuits (*402)	390	18	29	37	7½	13½	18
	420	5	14½	22	25	29	34½
Unilever (*754)	750	23	42½	57½	13½	24	31½
	800	5½	20½	31½	47½	52½	59½

[illegible]		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Ultramar (*250)	240	16	24	27	3½	6½	11½
	260	6	12½	15½	14	16	22
[illegible]		Nov	Feb	May	Nov	Feb	May
[illegible] (*401)	420	11½	22	27	37½	41½	50
	460	4½	9½	13½	[illegible]	75	83½
BAA (*456)	420	44	52	66	4	10½	14
	460	16½	29	42	16	24	28
BAT Inds (*649)	600	59½	-	-	1	-	-
	650	22½	45½	61	17	22½	28½
BTR (*422)	420	19	31	35½	12	17	22½
	460	4½	12½	19½	38	40½	46½
Brit. Telecom ([illegible])	390	20½	27½	36½	8	15	18½
	420	7	14½	24½	24½	31½	34½
Cadbury Sch ([illegible])	[illegible]	41	54	59	7½	13½	19½
	420	31½	36	42½	19½	24½	31½
Eastern Elec (*184)	180	12½	16½	20½	5	9	11
	200	4½	7	11½	17½	20½	21½
Guinness (*995)	950	63½	91½	106	11½	20	30½
	1000	36	61½	76½	30½	39½	49½
GEC (*190)	180	14½	18	22½	2½	4½	7
	200	4½	7½	13½	11	13½	14½
Hanson (*218)	200	22	25	27½	1	5½	6½
	220	8½	12½	16	6½	13½	16
LASMO (*296)	300	14½	25	29	12½	16	22½
	330	3	11½	16½	35½	35½	38½
Lucas Inds (*148)	140	14	15	19½	5½	7	8
	160	3½	6	10½	16½	18½	20½
P. & O. (*521)	519	24½	42½	50½	16	22½	32½
	566	7½	21	28	45½	48½	56½
Pilkington (*167)	160	15½	21½	26	5½	11	12½
	180	6	11½	16½	18½	22	23½
[illegible] (*253)	240	19½	27½	31½	[illegible]	5½	9
	260	8	16	19½	12	13½	17½
Racal (*58)	51	9	11	-	2	3	-
	59	½	-	-	3	-	-
[illegible]	500	48½	66½	-	4	10	-
	550	17½	35½	43½	19½	29½	36½
Scot. & New (*404)	390	28	36½	48½	7	14½	18
	420	12½	21	32½	21	29½	31½
Tesco (*266)	[illegible]	14½	23	27	6	8	10½
	280	6	12½	16½	16½	18½	21
Thames Water ([illegible])	390	-	-	31½	-	-	13½
	400	10½	17½	-	13	16½	-
[illegible]	330	30	40½	-	7	11½	-
	360	12½	24	-	20	24½	-
[illegible]		Sep	Dec	Mar	Sep	Dec	Mar
[illegible] (*296)	[illegible]	16	27½	35	½	5	8½
	300	2½	14½	22½	7½	13½	16½
Amstrad (*55)	50	5½	9	12	½	2½	[illegible]
	60	½	4½	6½	4½	8	[illegible]
Barclays (*464)	460	8	28	41½	4½	14½	24½
	500	½	12½	23	37½	40½	
Blue Circle (*268)	260	8½	20½	29	2	8½	12½
	280	1	9½	18½	12½	20	37
British Gas (*275)	260	[illegible]	[illegible]	27	1	4	7
	280	1½	12½	16	7	11½	14½
Dixons ([illegible])	260	11½	24½	32	2½	9½	12
	280	1½	13½	21½	10½	18½	21

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*495)	460	[illegible]	68	79½	2	17	29
	500	[illegible]	37	56	13	32½	44
[illegible] (*1306)	[illegible]	[illegible]	100	136	7½	34½	50
	1350	13	72½	108	28½	56½	68½
Reuter Hldgs. ([illegible])	550	45	53½	68½	1	12	18
	600	7	28½	41½	13½	32½	38
Hillsdown (*255)	240	15	23	31	½	6	9
	260	2½	12½	19	6½	14½	18½
[illegible]	220	14½	23½	27	1	4½	[illegible]
	240	2½	12½	½	26½	27½	[illegible]
Midland Bk ([illegible])	220	19	27½	34½	½	4½	7½
	[illegible]	3	14½	[illegible]	4½	12½	16½
National Power ([illegible])	140	13	18	20	1½	2½	[illegible]
	160	½	7½	9	7	[illegible]	
[illegible] (*927)	900	30	77½	106	3½	32½	49
	950	1½	49½	74½	22½	55	72½
R. Royce (*139)	130	9	15	[illegible]	½	3½	6½
	140	2½	8½	[illegible]	4	7½	11
[illegible]	90	3	7½	9½	1½	4	5
	100	½	3	5	7½	9½	10½
THF (*275)	260	14½	21½	29½	½	5½	8½
	280	2½	9½	18½	7	14½	17½
Thorn EMI (*799)	750	48½	71½	83½	1½	8½	17
	800	9	39½	53½	11½	27½	34½
TSB (*151)	140	11	17	19½	½	1½	4½
	160	½	6½	8½	9	11	13
Vaal Reefs ([illegible])	60	3	7½	10	½	6½	7½
	70	½	3½	6	8½	10	13
Wellcome (*744)	700	46½	70½	95½	1½	19	28
	750	9½	41	67	17½	41½	46½
Option		Sep	Dec	Mar	Sep	Dec	Mar
[illegible]	900	30	77½	104	3½	32½	49
	[illegible]	1½	49½	74½	22½	58	[illegible]

EURO FT-SE INDEX (*2596)

	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Sep	185	136	88½	47½	17½	4	1½	1
Oct	202	159	117	79½	50½	27½	14½	6½
Nov	223	-	150	-	77½	-	34½	-
Dec	242	-	163	-	99½	-	55	-
Mar	292	-	210	-	148	-	94	-
Jun	335	-	260	-	197	-	[illegible]	-
PUTS								
Sep	1½	2½	5	12½	32½	69½	119	163
Oct	9	13½	20½	33½	53½	79½	114	157
Nov	14½	-	32	-	63½	-	119	-
Dec	19	-	32½	-	70½	-	115	-
Mar	31½	-	55	-	90	-	127	-
Jun	60	-	72½	-	102	-	142	-

FT-SE INDEX (*2594)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Sep	211	161	114	68½	30	9½	2	1
Oct	228	183	140	99½	63½	38½	18½	9
[illegible]	[illegible]	205	163	124	90	63½	37½	22½
Dec	269	224	[illegible]	146	113	86½	63½	42½
Jun †	350	-	[illegible]	-	220	-	160	-
PUTS								
Sep	½	2	4½	8½	21½	54½	[illegible]	156
Oct	7½	11	19½	28½	42½	69	[illegible]	155
Nov	15½	20	29	40	58	80½	113	157
Dec	20	27½	35½	51	68	89	123	162
Jun †	57½	-	85	-	120	-	165	-

September 17 [illegible] Contracts 31,382 Calls 21,722 [illegible] 9,660 FT-SE Index Calls 3,654 Puts 4,250 Euro FT-SE Calls 518 Puts 210 *Underlying security price. † Long dated expiry [illegible] Premiums shown are based on middle prices.

UK COMPANY NEWS

Strength of brands helps counteract impact of recession

MB-Caradon limits fall to 12%

By Jane Fuller

MB-CARADON, the building products, packaging and printing concern, limited its pre-tax profit fall to 12 [illegible] cent, from £53.4m [illegible] £47.2m, in the first half [illegible] 1991.

Turnover declined to £335.5m [illegible]

In building products, which [illegible] largely UK-based, operating profit slipped to [illegible] (£31.5m) on sales of £256.9m (£270.3m).

Mr Peter Jansen, chief executive, said the impact of the UK recession had [illegible] counter-[illegible] by the strength of its brands – including Everest double glazing and Twyfords bathrooms – and by holding prices. On the continent, the radiator business enjoyed strong sales in Germany.

He said there was increasing anecdotal evidence [illegible] an improvement in UK conditions, "but [illegible] upturn in volumes yet".

Cost reductions included the shedding of 1,000 jobs, provided for when the rump of MB acquired Caradon in late 1989. This followed [illegible] the packaging interests of [illegible] Carnaud, [illegible] France, [illegible] create Europe's largest packag-[illegible]

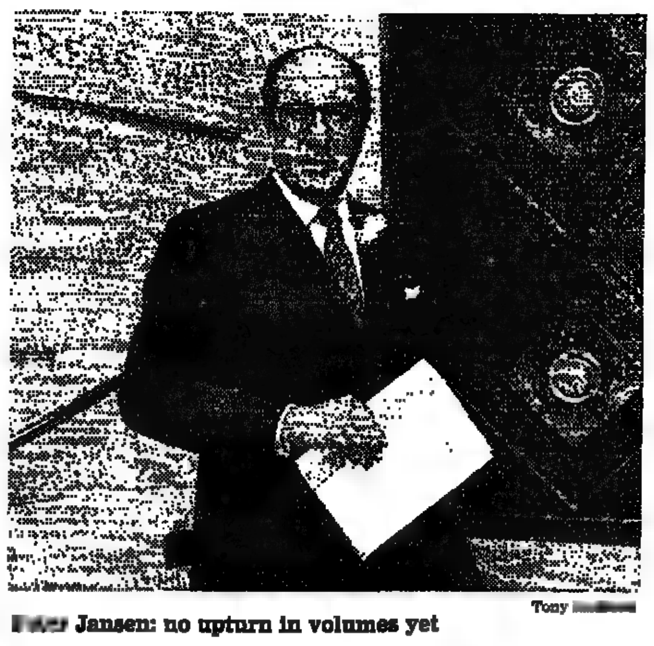
MB-Caradon [illegible] per [illegible] of [illegible] Packaging [illegible] year [illegible] profit [illegible] 14 [illegible] cent. In [illegible] of [illegible] was [illegible] and MB [illegible] share [illegible] profit, the [illegible] the [illegible] half [illegible]

Mr [illegible] that [illegible] management reorganisation, announced last week, showed that MB had influence over the business and that it was working closely with [illegible] French partner, [illegible] investment company [illegible]

The [illegible] cheque printing business had [illegible] some disruption during [illegible] of [illegible] businesses, and exchange rates had also [illegible] against it. Operating profit fell [illegible] £11.8m (£14.2m).

Net [illegible] rose [illegible] (£219m), compared with shareholders' funds [illegible] nearly [illegible] the year-end. Interest [illegible] were £11.5m (£10.2m).

Fully diluted earnings per share fell to 7.1p (8.1p). The interim dividend is maintained at 2.75p.



[illegible] Jansen: no upturn in volumes yet

Tony [illegible]

■ COMMENT

MB-Caradon has kept its [illegible] through the building products recession and held prices, which has not only limited [illegible] but [illegible] puts it [illegible] a good position once volumes return. But in spite of [illegible]aging anecdotes, that is not expected [illegible] happen until early next year. The cheque printing [illegible] should have [illegible] much better second half, helped by a [illegible] favourable dollar-sterling rate. With CMB reviving even before MB and its partner took it by [illegible] scruff of the neck, [illegible] should leave full-year pre-tax profit [illegible] at [illegible] The expected tighter management of [illegible] will either [illegible] it [illegible] for MB, [illegible] a [illegible] commodity if MB [illegible] cash [illegible] expand [illegible] building products [illegible] If the latter [illegible] intention, leaving it [illegible] long could mean missing bargains [illegible] beleaguered rivals. After a strong [illegible] on [illegible] prospective multiple [illegible] just [illegible] 16 [illegible] yesterday's [illegible] leaving little [illegible] for short-term improvement.

Alexander Proudfoot manages 2% gain

By Bronwen Maddox

DESPITE US and European recession, Alexander Proudfoot, international management consultantcy, pushed interim pre-tax profits ahead by [illegible] per cent to [illegible] (£23.3m).

Turnover [illegible] the six months [illegible] end June fell by 7 per cent [illegible] (£95.5m), [illegible] third still derived from the US.

Operating profit fell by only £0.4m to £22.3m [illegible] further cost savings from the integration of Crosby, bought in 1989 for $65m (£37.3m).

[illegible] received [illegible] to £1.5m [illegible] Net [illegible] balances [illegible] £34.1m in June 1991 from [illegible] earlier and £16.8m at the [illegible]

[illegible] Advisory Services, made [illegible] small undisclosed profit in the three months it [illegible] included and [illegible] an extraordinary [illegible] of [illegible]

Last month Proudfoot announced [illegible] buying the largest Scandinavian [illegible]sultancy [illegible] for £12m in cash, [illegible] bolster [illegible] region [illegible] had been weak. Mr Neil Hamilton, finance director, [illegible] the company [illegible] continue [illegible] look for acquisitions internationally of around [illegible]

Fully diluted earnings scraped ahead [illegible] 22.7p (21.82p) [illegible] interim [illegible] maintained [illegible]

The company was beginning [illegible] some improvement in trading conditions, Mr Hamil[illegible] said.

● COMMENT

[illegible] will bring [illegible] on [illegible] just [illegible] management consultancy has managed to maintain profits in a recession. Those who have preferred [illegible] regard it as a MIM [illegible] vehicle - Lord Ste[illegible] is chairman of investment [illegible] MIM as well [illegible] Proudfoot – [illegible] wary [illegible]lier this year when MIM cut its shareholding from 13 per [illegible] to 7 and must be glad to see profits [illegible] the [illegible] expectations. Meanwhile, the European expansion will reassure those who were perturbed that a predominantly US business, as it was in 1987, chose to join the UK not the US market. On £50m pre-tax for the full [illegible] and earnings [illegible] around 47.5p [illegible] prospective p/e of [illegible] some discount and wariness are still [illegible] but the yield of around [illegible] per cent continues to be [illegible]able compensation.

Brent Walker banks expected to turn down Lonrho offer

By Robert Peston

BRENT WALKER's banks [illegible] today expected to rebuff the tentative takeover offer from Lonrho and will attempt to resuscitate the original refinancing proposals formulated by the troubled leisure and property group [illegible] avoid receivership.

The steering committee representing Brent Walker's 47 banks [illegible] meeting this morning, when its formal [illegible] will [illegible] taken. But [illegible] on the steering committee, which [illegible] led by Standard Chartered, said they [illegible] likely [illegible] scupper Lonrho's proposal.

If they [illegible] allow Lonrho [illegible] proceed, Brent Walker's only hope [illegible] avoiding [illegible]ship [illegible] to persuade [illegible] £100m of [illegible] to drop their opposition to [illegible] refinancing package.

Hill Samuel, Brent Walker's merchant bank, will offer the bondholders an improved stream of income [illegible] the prefer[illegible] shares they would [illegible] in the refinancing.

"[illegible] income [illegible] no interest to us", said one bondholder. "The preference [illegible] worthless anyway. What [illegible] the point [illegible] having more of something that is worthless."

However, an adviser to Mr Michael Smurfit, the Irish businessman who owns 10 per cent of the bonds, said Mr Smurfit would [illegible] keen to negotiate improved terms in a refinancing. He countered suggestions that Mr Smurfit was firmly wedded to Lonrho's plan.

Brent Walker is delighted by the stand taken by the banks. It has consistently shown a preference for the refinancing package [illegible] Lonrho's take-[illegible] plan. It told the banks it [illegible] with bondholders on new refinancing [illegible] while [illegible] bondholders were distracted by the prospect of the Lonrho takeover.

Brent Walker and its [illegible] had [illegible] Lonrho they would [illegible] takeover plan unless it met [illegible] tough conditions. They told Lonrho they wanted to receive [illegible]

However, Lonrho [illegible] on carrying out an inspection of Brent Walker's assets, which would [illegible] between two and three weeks, before offering irrevocable terms.

"Would you buy a house without doing a search?", asked Mr Paul Spicer, a director [illegible] Lonrho.

However Lonrho said it would provide finance to Brent Walker to keep it going during this inspection, a process [illegible] as due diligence. But it wanted to have first claim on the company's assets, ahead of the banks, [illegible] recoup any money it injected, in the event that it did not make a formal offer.

"[illegible] not on", commented one [illegible] of the steering committee. "Lonrho has to [illegible] that it is prepared to suffer some pain."

One of Lonrho's advisers countered that the security it [illegible] for [illegible] money it would inject into Brent Walker was no different from [illegible] security [illegible] were taking for the money they [illegible] putting into the company.

Aberfoyle faces administration after refinancing talks halted

By Joel [illegible]

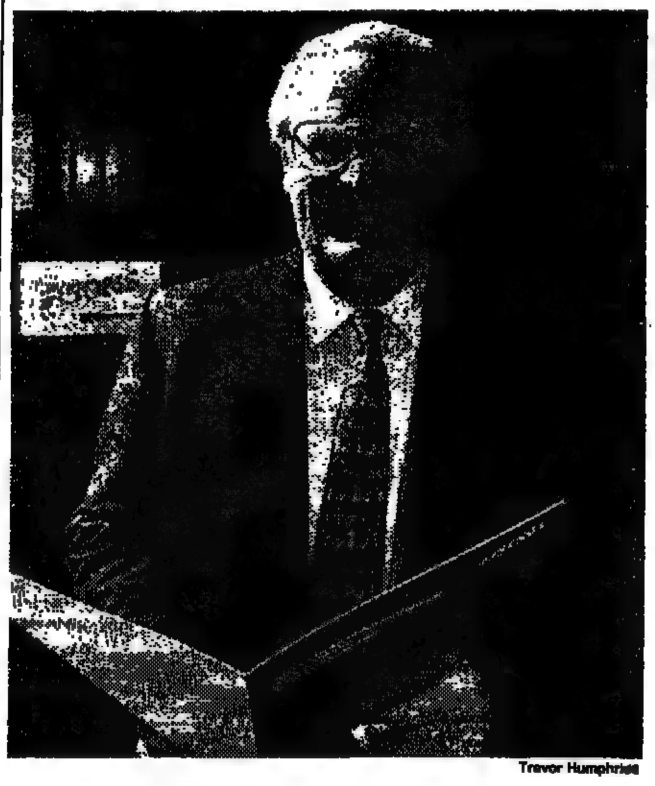
ABERFOYLE Holdings, the agriculture, textile, security products and services [illegible], yesterday faced the prospect [illegible] going [illegible] after refinancing talks had been suspended.

The [illegible] group [illegible] recently called for an extraordinary general meeting [illegible] replace the board, refused [illegible] why [illegible] had [illegible] down [illegible] said its financing [illegible] "presently dependent [illegible] a facility pro[illegible] by Aberfoyle's [illegible] interests."

[illegible] company [illegible] making approaches [illegible] the [illegible] shareholders, thought [illegible] control more than [illegible] per cent. But it warned [illegible] failure to [illegible] mean [illegible] it "will [illegible] an [illegible] placed [illegible]".

The [illegible] by Aberfoyle [illegible] to have taken [illegible] group [illegible] aggrieved [illegible] by surprise though Mr Barry Trowbridge, the dissi[illegible] candidate for managing director, [illegible] welcome the [illegible] meet [illegible] the company. We can [illegible] get [illegible] information [illegible] its true finances."

The group includes Crescent Africa, a private company with a 26 per [illegible] stake, whose chairman, Mr Kojo Owusu-Nyantekyi, [illegible] called for the [illegible] removal [illegible] years ago.



Trevor Humphries

Chairman of Fisons in bullish mood

Mr John Kerridge (left), chairman and chief executive [illegible] Fisons, [illegible] was bullish about the prospects for recently launched drugs and ones in the pipeline.

In the respiratory family, the newer drug Tilade had achieved market shares of more than 5 per cent in [illegible]eral European countries.

New allergy [illegible] for the eyes and nose included Tilarin, a nasal spray [illegible] hay fever which had just gained approval in Germany.

Respiratory and allergy products accounted for just over 50 per cent of pharmaceuticals sales, which amounted to £243.6m in the first half.

In a different field, Remacemide, an anti-epileptic drug, also had potential in the treatment of strokes and degenerative conditions, such as Alzheimer's disease.

DIVIDENDS ANNOUNCED

	Current payment	[illegible] payment	[illegible]-ponding [illegible]	Total for year	Total [illegible]
AB Electronic ......fin	0.1	[illegible]	13.5	[illegible]	17.5
Brake Bros ......int	1.65†	[illegible] 30	1.5	-	[illegible]
Brit Polythene ......int	3	[illegible] 29	[illegible]	-	[illegible]
Brixton Estate ......int	2.9	[illegible]	2.55	-	7.1
CI ......int	0.825	Jan 2	0.825	-	[illegible]
Clyde Petroleum ......int	0.5	[illegible]	[illegible]	-	[illegible]
Colorgraphic ......int	nil	-	[illegible]	-	[illegible]
Fisons ......int	3.3	Jan [illegible]	2.85	-	7.5
Golden Vale ......int	0.42ф	[illegible] 22	0.36	-	1.14
Green (Ernest) §......fin	4.25	[illegible]	4.25	7	7
Jeyes § ......int	2.5	[illegible]	2.2	-	5.4
Kingfisher ......int	4	[illegible] 1	3.8	-	12.2
Kleinwort Dev ......fin	6.75	[illegible] 2	6.09	[illegible]	[illegible]
MB-Caradon ......int	2.75	Oct 31	[illegible]	-	[illegible]
Proudfoot (Alex) ......int	6	[illegible] 31	[illegible]	-	[illegible]
River/Merc Amer ......int	1.8☆	[illegible] 7	1.8	-	[illegible]
Sema ......int	1	[illegible] 1	0.9	-	[illegible]
SWP § ......fin	0.6	[illegible]	0.6	[illegible]	0.6
Tesco ......int	2†☆	[illegible] 29	1.7	-	[illegible]
Trinity Intl ......int	2.6	Oct [illegible]	[illegible]	-	[illegible]
United Friendly ......int	4.2	[illegible]	3.5	-	10.25
Watmoughs ......int	2.5	Nov 8	2.5	-	10.25

Dividends shown pence [illegible] share [illegible] otherwise [illegible] *Equivalent [illegible] allowing [illegible] rights [illegible] acquisition issues. §USM stock. [illegible] scrip option. [illegible] pence. [illegible]

Fall in quoted companies in north-east England

By Chris Tighe

THE NUMBER [illegible] quoted companies in north-east England [illegible] declined significantly in the last decade, making the region increasingly dependent [illegible] decisions taken elsewhere, according [illegible] survey by [illegible] business advisers Price [illegible]

The survey [illegible] 26 quoted companies [illegible] headquartered in the region, seven fewer than 10 [illegible] ago, but only 10 of [illegible] 33 recorded in 1981 appeared on the 1991 list.

Of the [illegible] longer regionally [illegible]quartered, 15 were taken over by companies based elsewhere, six ceased trading – mostly due to receivership – [illegible]

The [illegible] said [illegible] locally-headquartered companies not quoted [illegible] to the market during the decade, but, with the exception of the privatised water [illegible] electricity companies, they remained smaller than their predecessors.

According [illegible] survey, quoted companies headquartered in [illegible] north-east employed 37,000 people and generated total turnover of [illegible] £3bn. Just five [illegible]panies – Northern Electric, Northumbrian Water, Vaux, [illegible] and Barratt Developments - accounted for 75 per cent [illegible] turnover and [illegible] per cent [illegible] employees.

Since the [illegible] was completed one of the [illegible] companies, Ramar [illegible] Crook, Co Durham, has gone into receivership.

BOARD MEETINGS

[illegible]

Interims- Abbott Mead Vickers, Blockleys, Bowthorpe, Calor, Fitch RS, Jardine Mathe[illegible] Kwik-Fit, London Forfaiting, MMI, North Sea Assets, [illegible] Trust, Spandex, Stag Furniture, Steel Burrill [illegible] Trade Indemnity, Worcester.

Finals- Alumasc, Community Hospitals, Merivale Moore.

FUTURE DATES

Interims-	
Clayform Properties	Sep. 27
Computer People	Sep. 30
Davis Service	Sep. 19
Dinkie Heel	Sep. 20
Dunloe House	Sep. 24
Garton Engineering	Sep. 24
Hemingway Properties	Sep 20
Korea Liberalisation Fund	Sep. 23
London Atlantic Inv Tst	Oct. 15
Meggitt	Sep. 24
Rutland Trust	Sep 23
Scottish Television	Oct. 4
T & S Stores	Sep. 25
Whatman	Sep. 26
Finals-	
Bailey (Ben)	Sep. 27
CALA	Sep. 19
Cooper Clarke	Oct. 7
Frogmore Estates	Sep. 26
Goodwin	Sep. 27
Halstead (James)	Oct. 4
Hidong Estate	Sep. 26
Magnetic Materials	Oct. 1
Meunders (John)	Oct. 8
Throgmorton Dual Trust	Sep. 26

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 18.09.91: Pool purchase price £/MWh	Final Prices for Trading on 21.08.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.11	17.22	18.69
0100	16.11	15.67	15.67
0130	16.11	15.64	15.64
0200	16.11	15.64	15.64
0230	16.11	15.64	15.64
0300	16.11	15.64	15.64
0330	16.11	15.56	15.56
0400	16.11	15.56	15.56
0430	16.11	15.64	15.64
0500	16.11	15.67	15.67
0530	16.01	15.65	15.65
0600	16.03	15.65	15.65
0630	16.00	15.67	15.67
0700	18.89	16.16	16.16
0730	19.12	17.24	18.71
0800	22.62	17.83	19.31
0830	25.53	18.42	19.91
0900	33.33	19.60	21.03
0930	35.39	22.45	24.06
[illegible]	38.74	22.47	24.09
[illegible]	37.86	22.47	24.09
[illegible]	39.01	22.48	24.11
[illegible]	42.15	26.16	27.86
[illegible]	43.78	26.19	27.89
[illegible]	41.11	26.16	27.86
[illegible]	35.86	22.46	24.09
[illegible]	29.38	22.40	24.00
[illegible]	27.52	22.39	23.98
[illegible]	26.58	22.38	23.98
[illegible]	26.68	22.38	23.98
[illegible]	26.97	22.38	23.98
[illegible]	28.52	22.38	23.98
1630	30.66	22.39	23.99
1700	32.10	22.40	24.00
1730	29.85	22.39	23.99
1800	26.84	22.36	23.99
1830	24.76	22.37	23.98
1900	23.65	18.60	20.10
1930	24.90	18.60	20.10
2000	26.07	18.33	19.83
2030	26.35	18.26	19.75
2100	25.31	24.65	26.32
2130	24.09	24.65	26.34
2200	20.58	24.65	26.31
2230	18.90	17.82	19.30
2300	18.16	17.36	18.82
2330	17.84	17.36	18.82
2400	16.11	16.90	18.35

Prices are [illegible]ined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

[illegible] COMPANY NEWS

Racal proves a mixed performer

Richard Gourlay gives a divisional breakdown of the Williams target

IF WILLIAMS's £703m bid for Racal Electronics is successful, the acquisitive Derby-based conglomerate will be taking on an eclectic assortment of businesses.

Racal's interests in seven divisions cover security, data communications, radio communications, marine and energy, defence radar and avionics, specialised businesses and network services.

On a pro-forma basis, sales of these businesses in the year to March 1991 would have been £1.55bn from which the company would have incurred pre-tax losses of £21.8m.

This compares with profits of £36.6m in 1990 and £93.3m in the previous year.

By far the most important part of the remaining Racal "rump" is the security business, which in 1991 accounted for £648m of sales and £44.7m of operating profits.

This division encompasses electronic and manned security, fire protection, commercial, [illegible] and motor locks and [illegible]. It [illegible] this [illegible] which Williams [illegible] most [illegible] in.

Mr Nigel Rudd, Williams's chairman, said yesterday that had he received an approach from Sir Ernest Harrison, chairman and chief [illegible] of Racal, Williams would have been [illegible] willing buyer of this [illegible]

Helicopters, both civil and [illegible], use [illegible] avionics for navigation and flight [illegible]

He received no approach and did not believe that [illegible] approach from Williams would have been welcomed.

The business [illegible] mature but highly cash generative, and Mr Rudd says there is considerable scope to increase margins.

[illegible] Yale [illegible] Valor, the US security company bought by Williams in March this [illegible] margins were about 10 per cent before it was bought, and have already been raised to 15 per cent.

Mr Rudd [illegible] margins are even lower than Yale [illegible] before the acquisition.

Of the other businesses, the marine and energy division was the largest contributor to operating profit with £14.9m from only £137m [illegible] sales.

Analysts say this has been a surprisingly good performer recently, particularly from its servicing of the oil exploration market.

The radio communications division was the only other contributor to profits, having had what could be termed a "good" Gulf war. The radios were widely used in the conflict and Racal has an assembly plant agreement in Saudi Arabia.

Operating profits of this division were £11.4m from £144m of sales in the year to end-March.

After these profitable businesses come the loss-makers, led by network services, which supplies, owns and operates data communications between 21 government departments with 55,000 users.

The service has absorbed significant amounts of cash in its development stage but is becoming less demanding as installation has almost ended.

Nevertheless, the loss in January of the opportunity to supplement the service with a government contract to supply a voice network dramatically reduced the potential of the business.

Analysts [illegible] that it [illegible] likely to turn in profits shortly.

Data communications [illegible] also [illegible] a significant drain, losing £12.1m on sales [illegible] £321m.

This business has faced a particularly tough time in the US where competition [illegible] tight. It is one area Williams might be thinking of selling, analysts say.

The other is [illegible] and avionics, [illegible] made losses of £412,000 on sales of £127.4m. This division, though a "fit" with Williams's defence business, is currently suffering from the tough post-cold war spending environment.

Amstrad sues [illegible] second US company

By Michael Skapinker

AMSTRAD is suing [illegible] second US company, Western Digital, for allegedly supplying faulty disc drives.

Western said the claim was unfounded and that it was considering counter-suing for "exceptionally large expenditures" it made in helping Amstrad resolve problems with its computers.

The $141m [illegible] suit comes [illegible] after Amstrad [illegible] it was suing [illegible] Technology of the US for allegedly supplying faulty drives.

The two suits are the result of quality problems Amstrad experienced with its personal computers in the late 1980s. It recalled 7,000 of its computers in 1989 after faults were discovered in some drives.

Amstrad intends making an exceptional £20m write-down in the current year against stocks of unsold computers.

Proceedings have been started in California, where Western has its headquarters. Western said it had been told by Amstrad's lawyers that they would be claiming $3m for out-of-pocket expenses, $38m in lost profits and $100m for damage to Amstrad's reputation and loss of goodwill.

Western [illegible] drives it supplied met Amstrad's specifications. It added that Amstrad did not complain until 18 months after shipments began.

The US company said Amstrad had complained that the drives did not meet the quality levels of those supplied by Tandon Corporation for use in earlier personal computer models. However Western said the drives it supplied were based on a design it acquired when it bought Tandon's disc drive operation in 1988.

Declining sector fails to halt Brake Bros advance to £6.9m

By Peggy Hollinger

BRAKE BROTHERS, Britain's largest supplier of frozen food to the catering trade, bucked the trend [illegible] declining sector to report a 12 per cent rise in underlying sales growth and an advance of almost 11 per cent in interim profits.

Mr Frank Brake, managing director, said the group had achieved the increases by broadening its customer base.

The [illegible] which is estimated to have about 15 per cent of a highly fragmented UK market worth about £1.3bn a year, increased pre-tax profits from £6.3m to £6.95m.

Turnover for the six months to June 30 rose 16 per cent to £103.5m. More than 3 per cent of the improvement in sales was due to acquisitions, leaving underlying growth [illegible] per cent.

Mr Brake [illegible] all divisions of [illegible] business had performed well: "It was just the day-in day-out graft of moving the company forward which produced the results."

Margins suffered slightly, falling from 7.2 per cent to 7 per cent, due to the squeeze in the catering sector.

Mr William Brake, chairman, warned that the second half would continue to reflect difficult trading conditions.

However, the company aimed to continue developing its facilities, with capital expenditure of some £12m planned for the year. About £6m was spent in the first half, compared to £3.6m last time.

The largely cash acquisitions [illegible] fish suppliers, Midfish and WH Hooper, [illegible] had [illegible] neutral effect on profits. The chairman said the businesses had given Brake Bros "a valuable entry into [illegible] important [illegible] of [illegible] market".

The group said there was a possibility of more acquisitions in the second half. ""There is greater opportunity for expansion that way than there has been in the past," said Mr Frank Brake.

Earnings per share rose to 10.1p (8.9p) and the interim dividend is [illegible] from 1.5p [illegible] 1.65p.

COMMENT

There is no doubt that Brake [illegible] market share in extremely tough conditions: and, with just [illegible] per cent at the moment, there is a lot more room to grow. Long-term investors will be further drawn to the group's reputation for sound management, its track record – 20 per cent earnings growth [illegible] annum in recent years – and [illegible] cautious but steady acquisition policy. However, [illegible] question whether the full value is already in the share price which [illegible] night closed up 6p at 400p. [illegible] are [illegible] at about £16.2m, giving [illegible] prospective p/e [illegible] 17. [illegible] happens next year depends on recovery in the sector, of which there is as yet not even a peep. Still, Brake's record seems to [illegible] it will benefit quite nicely from any pick up. It appears to be a fairly good bet in [illegible] long-term for those who can lay their hands on the tightly-held [illegible]

Whyte & Mackay offer for Invergordon extended

By Bronwen Maddox

WHYTE [illegible] Mackay Group yesterday won permission from the Takeover Panel to extend [illegible] Invergordon by three weeks until the Office [illegible] Fair Trading had decided whether to refer the bid to the Monopolies [illegible] Mergers Commission.

On August 6 Whyte [illegible] Mackay, the drinks subsidiary of American Brands, launched a £286m battle for Invergordon, the Scotch whisky group.

The OFT announced on September 12 that its [illegible] on whether to refer the bid would be delayed until October 10.

The Panel's ruling yesterday means that the last day on which Whyte [illegible] Mackay could post a revised offer document [illegible] now October 12, after the decision on monopolies [illegible]ral, instead of the original September 21.

The Panel felt the extension would help Invergordon [illegible]holders to receive the best offer for their shares.

Restructuring and falling demand put AB Elect in red

By Michiyo Nakamoto

FALLING DEMAND and hefty restructuring costs were blamed for the fall into pre-tax losses of £6.27m by AB Electronic Products Group, the electronic components manufacturer based in Glamorgan, in the year to June 30. The previous year had shown a profit of £11.18m.

There is a proposed final dividend of 0.1p (17.5p) after the interim was passed.

And the group warned of a projected loss for the first three months of the present year as the current order intake remained weak. Further cost-cutting measures were planned.

Trading profit for the period under review slumped to £8.66m, compared with £24m on turnover down from £261.3m to £213.4m.

There was an exceptional charge of £2.35m this time resulting from redundancies and rationalisation costs. During the year the group shed 1,500 jobs, and the workforce has been reduced by a further 400 since the year end.

There was an extraordinary charge of £3.5m (£2.54m) also relating to restructuring costs.

Sir Peter Phillips, chairman, said that the cost base had been reduced substantially through the restructuring and rationalisation programme, lowering the break-even point.

The group's businesses were being focussed on contract assembly and automotive electronics. The customer base had been successfully expanded, particularly in the automotive, telecommunications and consumer sectors, Sir Peter said.

Efforts were also being made to reduce reliance of the contract assembly business on the computer industry.

Borrowings were £26.9m at the year end, for gearing of 75 per cent. This is expected to fall in the current year through further working capital reductions, cash inflow and tax credits and depreciation exceeding capital expenditure, the group said.

Losses per share were 13.4p (26.4p earnings).

COMMENT

The fall into loss was more or less as anticipated, and attention was focused on AB's efforts to pull out of its doldrums. These have been strenuous, with 1,900 redundancies, the closure of three factories and the disposal in April of Page, the aerospace and defence product business. Although there is little prospect of a substantial upturn in the near future, the City appears to judge the group's recovery potential as being fairly good. Forecast profits of £1.7m gives earnings of 4.1p against a share price of 100p which makes the multiple meaningless. However, the group's balance sheet is intact, with borrowings actually down from the interim stage. It has net asset value per share of 140p and given that the recovery prospects are there, the shares should probably be closer to that figure.

COMPANY NEWS IN BRIEF

BENSON GROUP: Acceptances of its rights issue have been received in respect of 84 per cent of the shares offered.

BORTHWICKS through its natural flavourings subsidiary Barnett & Foster, has acquired Cooke Tweedale & Lindsay, a Manchester supplier of flavourings to confectionery companies. The price, including freehold premises, was £850,000 in cash. Book value of net assets was £177,000 as at May 31 1991.

CAPITAL & COUNTIES: Rights [illegible] has [illegible] accepted [illegible] respect [illegible] 96 per [illegible] 45.4m shares on offer. TransAtlantic Holdings has [illegible] its full entitlement maintaining [illegible] fully diluted [illegible] 75.8 per cent.

CATTLE'S (HOLDINGS): At EGM shareholders approved exercise of Rexmore's option requiring Cattle's to purchase Rexmore's 20 per cent stake in Rosebys, a curtains and household linens retail chain, for £2.84m in cash. Rosebys, which will then become [illegible] wholly owned subsidiary of Cattle's, had net assets of £4.12m at end-1990.

DOWTY GROUP: Dowty Circuits has been purchased by its management. Total funding package of £3m includes equity from Midland Montagu Ventures and term loan facilities from Midland Bank.

FOLKES GROUP is selling Folkes Engineering to Hampson Alcosa and others for an initial £419,000 and a further £250,000 based on stock at completion and sales during the next year.

UNIDARE is involved [illegible] discussions [illegible] SE Carburos (Carburos [illegible]) which is likely to lead to the sale of the welding division of Carburos to Unidare.

UK COMPANY NEWS

Asda and Sears make changes in the boardroom

By John Thornhill

A GAME [redacted] chairs was played in the boardrooms of two FT-SE Index retailers yesterday as both Sears and Asda announced management changes.

Asda, the Leeds-based food retailing group which lost its chairman and chief executive when Mr John Hardman quit in June, announced that it had appointed Mr Patrick Gillam as chairman. The 58-year-old Mr Gillam was previously chairman of BP Oil.

But Asda still had no news about recruiting a new chief executive, an appointment many analysts view as being essential before a much-needed rights issue can be launched.

The company has come under strong pressure from its rivals in the food retailing sector and faces an uphill struggle in reviving confidence in the City. Its shares were knocked again yesterday and closed 5p down at 94p.

Mr Gillam, who spent 34 years at BP, will succeed Sir Godfrey Messervy following Asda's annual meeting today. Sir Godfrey had been appointed as an interim chairman following Mr Hardman's departure but was hampered in his role by a mild heart attack. He has since recovered and will resume his former role [redacted] a non-executive director.

Mr Frank Knight, a deputy chairman of United Biscuits, will also join Asda today as a non-executive director. He has extensive executive experience at a range of food and consumer products companies.

Sears, the retailing group which includes Selfridges, Olympus and Dolcis, confirmed yesterday that it had recruited a new chief executive to succeed Mr Michael Pickard when he retires next March.

He is Mr Liam Strong, [redacted] Monday that [redacted] was [redacted] British Airways, where [redacted] director of marketing and operations. Mr Strong will join the Sears' board in November to learn about the business.

Mr Geoffrey Maitland Smith, Sears' chairman, said: "At this [redacted] in [redacted] corporate [redacted] we need [redacted] look closely at con[redacted] and customer [redacted]vice. Liam Strong can bring [redacted] lot [redacted] the party."

Mr Pickard, who [redacted] February [redacted] become [redacted] of [redacted] Docklands Development Corporation.

Liam Strong: from marketing BA to Sears

Trinity falls 24% to £6.9m

By Raymond Snoddy

TRINITY International Holdings, publisher of Liverpool's Daily [redacted] and Echo, yesterday announced a 24 per cent drop to £6.93m in pre-tax profits for the six months to end-Jun[redacted]

The result compared with £9.1m for the same period last year, but Mr David Sneddon, managing director of the group, which also has significant packaging and paper manufacturing businesses, said the result was good given the depths of the recession.

Profits at Trinity's UK newspapers, based in north Wales and the north west of England, were held to 90 per cent of last year's level.

The performance of the newspaper division, better than many regional rivals, was helped partly by the fact that the titles are not unduly dependent on classified advertising which has plummeted.

Interim profits increased at Trinity's packaging business, partly because of lower raw material prices. In North America, profits were down by about 40 per cent because of recession.

Overall turnover was virtually static at £66.8m (£67.5m). Earnings per share fell from 10.6p to 8.1p, but the interim dividend is held at 2.6p.

British Polythene buys Courtaulds arm

By Michiyo Nakamoto

BRITISH Polythene Industries, the largest producer of polythene film products in the UK, is buying Courtaulds Plastic Films for £9.14m cash.

BPI is also launching a £15.4m rights issue to fund the takeover and reduce borrowings.

[redacted] Cameron McLatchie, chairman and chief executive [redacted] BPI, said the acquisition [redacted] CPF would give the group access to new markets in the UK and Europe.

The announcement came as BPI reported a 12 per cent rise in interim pre-tax profits to [redacted] (£4.06m).

The rights issue of 5.6m new ordinary [redacted] priced at 285p per share on the basis [redacted] for every [redacted] ordinary shares and 313 [redacted] ordinary shares for every 3,000 existing convertible preference shares.

The shares closed yesterday at 354p, up 8p

The acquisition of CPF marks a step forward in [redacted] strategy of focusing its operations on the processing of polythene film.

It is its third acquisition this year, following that of Gaynor Group, which it bought from the receivers in March for £1.5m and the polythene industrial building film business of Courtaulds bought for £150,000.

CPF, which produces plastic and speciality films, saw operating profit of £1.3m (£1.66m) on turnover of £24.9m (£22.7m) in the year to end-March. The assets being acquired by BPI have an agreed value of £7.45m.

BPI expects to pursue acquisition opportunities to strengthen its core business in the UK, Mr McLatchie said.

Although it is the largest UK polythene film producer, it still has less than 25 per cent of the highly fragmented market.

The 12 per cent profits rise was helped by efficiencies gained from a substantial rationalisation programme which provided economies of scale and more flexibility in responding to customers' demands.

As a result, operating margins, at 7.5 per cent, were higher than margins of 5 to 6 per cent seen two years ago in a more resilient economy.

The rights issue, meanwhile, should help bolster the balance sheet by bringing borrowings down to approximately £12m and gearing down to about 20 per cent from just over 50 per cent currently.

Fully diluted earnings per share were up to 11.27p (9.78p) and the dividend is maintained [redacted] 3p. The group currently intends to increase its dividend for the full year, it said.

COMMENT

The management of B[redacted]h Polythene [redacted] high marks for a robust performance in a very difficult period. The operating margins achieved reflect the group's success in realising considerable efficiencies. Meanwhile, acquisitions have boosted its [redacted] materials purchasing power. There is a slight concern about [redacted] group's one product business and that expansion will eventually run out of steam. However, in the short term, its acquisition of CPF makes sense and the rights issue at a [redacted] per cent discount to the opening price looks [redacted]ve. Forecast profits of £9.[redacted] for the year gives fully diluted earnings of 24.46p and a prospective multiple of 14 on yesterday's closing price of 354p.

Ernest Green dips to £2.2m

[redacted] and Partners Holdings, the USM-quoted structural and civil engineering consultancy, reported [redacted] downturn of over £1m [redacted] pre-[redacted] profits, from £3.21m [redacted] £2.15m, in the year [redacted] June 30.

Turnover fell from £14.3m to £11.7m and operating profits from £3.01m to £1.67m.

Mr David Legg, chairman, [redacted] however, that the group had produced satisfactory results agains[redacted] back [redacted] "one of the worst ever recessions in the construction industry".

A proposed final dividend of 4.25p makes an unchanged total of 7p from earnings of 18.1p (25.6p) which includes the benefit of the repurchase earlier this year of some 3 per cent of the share capital at an average price of 104p.

Sema warns of cash call as interest charges rise

By Alan Cane

PRE-TAX PROFITS at Sema Group, the London-quoted Anglo-French computing [redacted]vices company, fell from £7.18m to £6.57m in the first six months of this year.

Mr Pierre Bonelli, group managing director, warned that with the level of interest the company was paying it was inevitable that it would have to make a cash call within two years to provide a firmer financial cushion.

He also warned that substantial costs associated with the establishment of BAeSema, the joint venture with British Aerospace, together with high research and development costs, would inevitably have an impact on the second half when Sema would normally expect to make most of its profits.

Operating profits were up from £7.72m to £8.1m, but an increase in net [redacted] charges from £391,000 [redacted] £1.39m depressed the pre-tax figure.

Revenues rose to £201m, a rise of almost 6 per cent.

Earnings per share rose from 4.5p to 4.7p after tax of £1.33m(£2.84m)and an interim dividend of 1p is declared against 0.9p last time.

Debt equity ratio, which stood at 53 per cent in 1990, had been brought down to 34 per cent in the period.

Sema took the unusual step this year of publishing its "book to bill" ratio – the ratio of orders taken to turnover for the preceding six quarters, showing a distinct improvement in the second quarter of this year. Mr Bonelli said, however, that he could see no hope of the recession lifting before the second half of next year.

Clyde Petroleum lifts net income by 36% to £4.7m

By Deborah Hargreaves

CLYDE Petroleum, the independent oil and gas exploration and production company, reported a 36 per cent rise in net income to £4.66m for the first half of the year, compared with £3.43m, as oil and gas prices held up.

The company saw a 22 per cent rise to £26m in cash flow during the period and a 21 per cent increase in oil and gas production to 23,651 barrels a day (b/d) after the second stage of development at the Wytch Farm onshore oilfield in Dorset came onstream.

Clyde said its sterling oil price over the period was £11.38 per barrel compared with £10.66 in the same 1990 period.

Gas prices were also well ahead of last year, but the company expected them to drop by 5 per cent in the second half.

Mr Malcolm Gourlay, chief executive, said the company had made an exciting discovery of gas in the Waalwijk onshore field in the Netherlands during the first half which could lead to other gas finds in the area.

Clyde which holds about 60 per cent of its reserves in the UK and 40 per cent in the Netherlands – split roughly equally between oil and gas – is looking to increase expansion overseas.

The company drilled its first well in Vietnam three months ago but did not strike oil. It is also involved in Yemen where it will operate a gas field due to come onstream in three years.

Turnover increased from £31.8m to £44.6m. Earnings per share rose to 1.5p (1.1p) and the interim dividend is unchanged at 0.5p.

UK COMPANY NEWS

Colorgraphic £307,000 in the red

By Peggy Hollinger

COLORGRAPHIC, the direct marketing products and services group, plunged into the red in the first half and for the first time passed its interim dividend.

A severe recession in the advertising industry forced the group into pre-tax losses of £307,000, compared with a profit [redacted] £1.25m [redacted] time. Turnover was down 18 per cent to £23.2m, partly due [redacted] business disposals.

The shares, which have fallen from [redacted] just [redacted] year [redacted] closed [redacted] down [redacted] 64p.

"Making a loss is the corporate equivalent of shock therapy. It can either kill or cure," said Mr Nick Winks, chief executive.

He added, however, that the [redacted] had beneficial effects as the group had been forced to cut costs and improve customer relations. Staff had been reduced by 20 per cent, while capital expenditure of £1.5m had helped to boost capacity by 15 [redacted] cent.

"The lower costs and increased capacity will [redacted] us [redacted] geared for [redacted] ery in the market," said Mr Winks.

He added that fierce competition had depressed gross margins by about 8 per cent and orders by 18 [redacted] The market as a whole had declined 13 per cent in the first half.

Net [redacted] about [redacted] the interim stage. Interest charges were down from [redacted] to £393,000. Gearing, which was 19 [redacted] at end [redacted] 1990, should be between 50 and [redacted] cent at the [redacted] of [redacted] current year, Mr Winks [redacted]

Tax [redacted] were [redacted] by the [redacted] extraordinary [redacted] of moving from the USM [redacted] a listing in May

Losses per share were 1.25p, compared to [redacted] of 6.1p [redacted] time. Fully-diluted losses came [redacted] 1.2p. The [redacted] interim dividend [redacted] 2p.

Willis Corroon buys health consultancy

By Richard Lapper

WILLIS CORROON, the international insurance and reinsurance broker, is to *acquire full ownership of Hinton &* [redacted] one [redacted] health and safety consultancies in Europe.

Willis, which already owns a third of Hinton after a purchase made in 1987, will increase its stake to 100 per cent in a £5.4m deal.

Hinton, which employs almost 300 staff, [redacted] annual pre-tax profits [redacted] and 1990.

Willis has [redacted] *expanding its* fee-based risk management activities as part of a strategy designed to reduce dependency on more [redacted] commission-based income.

Willis Wrightson, [redacted] UK direct insurance broking subsidiary, began offering risk [redacted] *on an* "unbundled" basis – charging for advisory [redacted] separately from [redacted] brokerage – [redacted] *now account for 30* [redacted] *cent* [redacted] Willis Corroon's UK [redacted]

[redacted] Willis acquired Facciani [redacted] of [redacted] US, [redacted] employee [redacted] in the mid-west.

Mr Rodney [redacted] chairman [redacted] executive of Hinton, *will* [redacted] *as chairman. He* [redacted] also [redacted] director of Willis Wrightson [redacted] chairman of [redacted] Wrightson Risk Management.

Willis Corroon also [redacted] that it [redacted] change its name [redacted] Willis Corroon Group as part of [redacted] global reorganisation. [redacted] management [redacted] ing activities will operate under [redacted] Willis Corroon.

Competitive trading hits Watmoughs

By Michiyo Nakamoto

WATMOUGHS, the printing group, saw its pre-tax profits almost halved, from £5.08m to £2.6m, in [redacted] half-year to June 30 as it felt the effects of [redacted] *UK* media and printing downturn.

The fall came [redacted] turnover only slightly lower [redacted] (£48.9m). Earnings per share fell from 14.22p [redacted] 6.39p. The interim dividend, however, [redacted] maintained at 2.5p.

Competitive trading conditions intensified in the second quarter when the [redacted] experienced order cancellations [redacted] reductions, particularly in mail order and sales promotion brochures.

It also temporarily [redacted] part [redacted] contract to print The Times Saturday Review, [redacted] *in a* [redacted] *of* [redacted] amounting to some £500,000.

However, that [redacted] has [redacted] resumed and the group [redacted] *to see* [redacted] improvement" in [redacted] and profits in the second half.

"We believe strongly this is [redacted] blip and not [redacted] long-term *trend," said Mr Patrick* Walker, chairman and chief [redacted]

The group has a number of new contracts, including holiday brochures for Horizon and supplements to the Mail On Sunday's YOU magazine.

Revai, the Hungarian subsidiary acquired in February, has won the contract [redacted] print a Hungarian TV magazine following the contract [redacted] print the Hungarian [redacted] airline in-flight magazine.

Cash flow continues [redacted] resilient, and gearing [redacted] expected [redacted] stable at about 30 per cent on borrowings of [redacted] the [redacted] end. Net [redacted] stand at £66m.

Interest charges of £1.32m (£1.29m) are covered nearly [redacted] by operating prof[redacted] *of* [redacted] *(£6.37m). Capital* [redacted] has continued with the group expecting [redacted] spend about £14m in [redacted]

Watmoughs [redacted] merging its [redacted] financial printing [redacted] panies into one division in order [redacted] increase [redacted] share [redacted] market for annual reports *and* [redacted] *financial* [redacted]

United Friendly 11% up at £7.8m

By Richard Lapper

UNITED FRIENDLY Group, the [redacted] and general insurer which obtained a full stock market listing in July, reported an 11 per cent increase in interim pre-tax profits [redacted] £7.76m.

Higher losses on general business in the half [redacted] June 30 were offset by life profit transfers [redacted] other income.

Investment income and realised capital gains [redacted] to [redacted] (£6.2m). [redacted] profits increased [redacted] £4.07m (£4m). Underwriting [redacted] from general business rose 31 per [redacted] £4.21m (£3.21m).

A heavier tax burden of £1.98m, against £891,000, reduced post-tax profits to £5.78m (£6.09m). The interim *dividend goes up by 20 per cent* [redacted] 4.2p (3.5p), payable from earnings per share of 7.22p (7.63p).

Extraordinary [redacted] arising from [redacted] scheme [redacted] United Friendly Group, [redacted] new non-insurance holding [redacted] created [redacted] the time *of the full listing, amounted* [redacted] £743,000.

[redacted] life premiums were slightly higher at £10.4m (£10.3m), reflecting [redacted] strong performance by the industrial branch – weekly cash [redacted] made on a door-to-door basis – with premiums rising by [redacted] than 27 per cent to £4.39m (£3.45m).

In contrast, both [redacted] annual premiums and new annual pension premiums in the ordinary branch declined, by [redacted] per cent to £3.4m and 20 [redacted] cent to £2.61m respectively.

Overall life premiums [redacted] to £86m (£83.8m). The industrial branch [redacted] accounts for just under 50 [redacted] cent of [redacted] life premium income compared with 80 [redacted] cent [redacted]

The group pressed ahead with its [redacted] push into general insurance. Premium income [redacted] £35.7m [redacted] pared with [redacted]

[redacted] also [redacted] sharply [redacted] result of increased theft and, [redacted] a lesser extent, subsidence. The underwriting loss *increased to £4.21m (£3.2m).*

Jeyes climbs 19% after strong overseas advance

By Peggy Hollinger

HELPED [redacted] a strong [redacted] Jeyes Group, [redacted] manufacturer [redacted] cleaning products such [redacted] Parazone bleach, maintained its recent record of consistent growth with a 19 per cent rise in interim profits.

The USM-quoted group, which was turned round following a management buy-out from Cadbury Schweppes in 1986, lifted pre-tax profits from £1.45m to £1.76m for the 28 weeks to July 13.

Mr Jimmy Moir, managing director, said a 33 per cent rise in overseas sales had been the driving force behind the performance. The launch into Japan and the Middle East in the last quarter of 1990 [redacted] been extremely successful, and already [redacted] markets accounted for some 30 per cent of overseas sales.

The UK [redacted] been difficult, [redacted] had increased revenue by [redacted] per [redacted]

The acquisition of Crowner, the industrial cleaning product manufacturer, in February for £2m was responsible for just under half the rise in [redacted] to £30.8m (£26.5m). The purchase [redacted] accounted [redacted] rise [redacted] debt [redacted] £8m [redacted] in interest charges [redacted] (£314,000). [redacted] income rose from £26,0000 [redacted] £109,000.

Gearing [redacted] 43 per cent, although Mr Moir said this would come down to about 20 per cent at the year-end. Gearing was usually higher at the interim stage due to a seasonal rise in working capital, he said.

Operating margins rose from [redacted] per cent to 7.1 per cent through [redacted] ting programme and [redacted] product launches.

Earnings per share rose 20 per cent to 8.3p (6.9p) and the interim dividend goes up by 0.4p to 2.8p.

Dairy growth lifts Golden Vale by 37%

By Graham [redacted]

Golden Vale, [redacted] County Cork-based dairy products manufacturer, yesterday reported a 37 per cent [redacted] sion in [redacted] the [redacted] half [redacted]

The pre-tax [redacted] – from I£5.32m to I£7.31m (£6.7m) – was struck after net interest charges ahead [redacted] I£1.27m (I£307,000) and came [redacted] turnover up 40 per cent [redacted] I£155.8m (I£111.6m).

Last September the group purchased [redacted] dairy interests of Food Industries, Mr Larry Goodman's former agribusiness.

Mr Jim O'Mahony, chief executive, said that that acquisition and the purchase in December of Bridgend Creameries had "significantly enhanced the earnings profile of the group".

An interim dividend [redacted] up from 0.36p, is [redacted] able from [redacted] of 4.18p [redacted] per share.

NEWS DIGEST

Recession halves CI to £1.7m

[redacted] GROUP, Wolverhampton-[redacted] supplier [redacted] engineer, reported [redacted] profits of [redacted] the six [redacted] July 31, [redacted] than half [redacted] comparable [redacted]

Turnover fell [redacted] per [redacted] from [redacted] £39.4m.

[redacted] Albert Hargrea[redacted] chairman, [redacted] the results highlighted [redacted] depth and severity of [redacted] recession [redacted] reflected [redacted] now [redacted] the [redacted] cutting programme.

In the steel division turnover and margins were lower. Coupe Foundry, which [redacted] on the capital goods sector, continued [redacted] experience [redacted] difficulties and was [redacted] to its [redacted] in July.

Engineering [redacted] companies involved in [redacted] equipment had [redacted] difficult time but [redacted] was a [redacted] performance from the flooring companies.

There [redacted] extraordinary charge [redacted] time of £433,000 being provisions against [redacted] trading losses [redacted] nies [redacted] by CI's further changes.

As part of [redacted] Mr Hargreaves [redacted] giving up [redacted] tive chairman, [redacted] remaining [redacted] non-executive director. Mr [redacted] McTighe, chief [redacted] tive [redacted] Davy Corporation [redacted] become non-executive chair[redacted]

The interim dividend is maintained [redacted] 0.825p from lower earnings per [redacted] of 1.34p (2.87p).

River & Mercantile American assets rise

River [redacted] Mercantile American Capital and Income Trust reported net [redacted] of 38.57p per capital [redacted] income [redacted] at August 31.

The figures compared with 30p and [redacted] respectively at the same stage of [redacted]

The trust saw net revenue for the six months to end-August fall to £253,000 (£327,000) [redacted] earnings [redacted] 3.37p (4.36p) per [redacted] share.

A [redacted] interim dividend [redacted] 1.8p makes 3.6p so far [redacted] year. Last year's total [redacted] 7.8p.

Brixton Estate ahead to £11.7m

In spite of the recession in the property sector, Brixton [redacted] pre-tax profit [redacted] income for the half year [redacted] June 30.

Net rental income rose 17 per [redacted] from [redacted] £22.9m, while pre-tax profits also [redacted] 17 per cent, [redacted] £11.7m. Interest charges increased from £8.4m to £9.9m.

Earnings [redacted] improved from 4.45p [redacted] 5.2p; [redacted] interim dividend [redacted] lifted from 2.55p to 2.9p.

Pacific Assets net assets jump 39%

Pacific [redacted] asset [redacted] per share at July 31 [redacted] basic, [redacted] improvement [redacted] 39 [redacted] over [redacted] month period [redacted] slightly [redacted] than the 262.7p [redacted] time [redacted] year.

[redacted] for the six months to end-July [redacted] £237,000 (£154,000). Earnings increased from 0.8p to 1.23p per share.

The [redacted] said that mar[redacted] had been strong during the [redacted] month period following the resolution of [redacted] crisis.

[redacted] had recently received approval from the Tai[redacted] authorities [redacted] invest directly in the Taiwanese stock market for [redacted] first time.

Contract delays and bad debts hit SWP

The current [redacted] of the [redacted] struction industry [redacted] illus[redacted] again yesterday by [redacted] Group, the [redacted] component and [redacted] company.

The [redacted] reported profits [redacted] £826,000 [redacted] the 12 [redacted] to June [redacted] decline of 35 per [redacted] the previous [redacted] at [redacted]

Mr Robert Stickings, chairman, blamed [redacted] "disappointing" [redacted] on increased bad debts, [redacted] delays and "an unexpected contraction in workload".

"There has been [redacted] sign [redacted] the long promised recovery from recession" he said. The [redacted] was unlikely [redacted] any recovery until the second half of [redacted] current year.

Earnings [redacted] share emerged [redacted] 2.2p, [redacted] from 3.1p, [redacted] single dividend for [redacted] year [redacted] maintained [redacted] 0.6p.

Assets dip at K'wort Development Fund

The [redacted] value [redacted] Kleinwort Development Fund [redacted] by 6.4 per cent, from 360.9p [redacted] 337.93p [redacted] the 12 months to July 31.

Net [redacted] of this investment trust, [redacted] by [redacted] Benson Development Capital, [redacted] (10.79p) per share. A recommended final dividend [redacted] 6.75p brings the total [redacted] the [redacted] to [redacted] (8.6p).

LEGAL NOTICES

THE INSOLVENCY ACT 1986
NOTICE OF APPOINTMENT OF
JOINT ADMINISTRATIVE RECEIVERS
LEADER & CO LTD.
Registered No: 847069

Pursuant to Section 46(1) of The Insolvency Act 1986 and Rule 3.2 of The Insolvency Rules 1986 take notice that we, Allan Griffiths, Malcolm Shierson and Iain Allan of Grant Thornton, Heron House, Albert Square, Manchester M2 5HD were appointed Joint Administrative Receivers of the above company on 9th September 1991 by The Royal Bank of Scotland under the terms of a debenture dated 20th November 1989.
Malcolm Shierson
Joint Administrative Receiver
Dated 12th September 1991

OAKDALE BUILDERS MERCHANTS LIMITED

Registered number: 1744670
Nature of business
Builders Merchants and House Merchants
[redacted]
9 September 1991
Name of person appointing the joint administrative receivers
Midland Bank [redacted]
JOSEPH [redacted] CONSIDINE [redacted]
Anthony Smart
Joint Administrative Receivers
(Office holder nos 056 and 286) of
Cork Gully
Churchill House
Churchill Way
Cardiff
CF1 4XQ

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
JOHN DAVID MUSIC LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at 45 Conduit Street, London W1R 9FB, on 20th September 1991 at 12.00 noon for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 13th September 1991
John David, Director

THE INSOLVENCY ACT 1986
NOTICE OF APPOINTMENT OF
JOINT ADMINISTRATIVE RECEIVERS
CREDIT CARD THEATRE BOOKING LTD
Registered No: 1837829

Pursuant to Section 46(1) of The Insolvency Act 1986 and Rule 3.2 of The Insolvency Rules 1986 take notice that we, Allan Griffiths, Malcolm Shierson and Iain Allan of Grant Thornton, Heron House, Albert Square, Manchester M2 5HD were appointed Joint Administrative Receivers of the above company on 9th September 1991 by The Royal Bank of Scotland under the terms of a debenture dated 5th April 1983.
Malcolm Shierson
Joint Administrative Receiver
Dated 12th September 1991

THE INSOLVENCY ACT 1986
NOTICE OF APPOINTMENT OF
JOINT ADMINISTRATIVE RECEIVERS
KEITH PROWSE OUTBOUND LTD
Registered No: 1870716

Pursuant to Section 46(1) of The Insolvency Act 1986 and Rule 3.2 of The Insolvency Rules 1986 take notice that we, Allan Griffiths, Malcolm Shierson and Iain Allan of Grant Thornton, Heron House, Albert Square, Manchester M2 5HD were appointed Joint Administrative Receivers of the above company on 9th September 1991 by The Royal Bank of Scotland under the terms of a debenture dated 22nd November 1989.
Malcolm Shierson
Joint Administrative Receiver
Dated 12th September 1991

COMPANY NOTICES

CLUBS

PERSONAL

COMMODITIES AND AGRICULTURE

Brazil's illegal gold output falls

By Christina Lamb in Rio de Janeiro

GOLD output from Brazilian mining companies this [illegible] is expected [illegible] exceed production from garimpeiros, [illegible] illegal miners, for the first time.

According [illegible] Mr Elmer Prata Salamao, director of the national mining department (DNPM), of a projected output [illegible] 60 tonnes, only 25 tonnes will come from garimpeiros.

The [illegible] signal an end to the era of mass production by the garimpeiros, which took off in the 1970s. [illegible] 1981, of a total national output of [illegible] tonnes, [illegible] tonnes [illegible] from the garimpeiros. Although [illegible] are an [illegible] garimpeiros still operating, their [illegible] duction [illegible] been declining rapidly since the [illegible] of 1988 when they produced 90 tonnes.

In response [illegible] international pressure [illegible] environmental concerns, the government of President Fernando Collor which took office in March 1990 [illegible] been dynamiting air-[illegible] used by the garimpeiros in an attempt [illegible] force them out [illegible] Indian territory. But Mr Sal[illegible] said the real reason for the dramatic turnaround is the simple exhaustion of [illegible] "Most garimpo deposits are superficial and have had 10 [illegible] even 20 years [illegible] extensive mining by primitive [illegible] and [illegible] running out."

He cites as an example the world famous Serra Pelada mine, which in the mid [illegible] was overrun by hundreds of thousands of garimpos. Now the easily mined gold has gone [illegible] mine he [illegible] "paralysed and nothing but [illegible] hole full of water".

According to Mr Salamao, garimpeiros are "organising into legitimate co-operatives and unions who fight their [illegible]tles in courtrooms rather than with physical violence".

Gold smuggling historically accounted for [illegible] cent of total output but an arbitraging operation begun last [illegible] by the central bank to attract gold into the formal economy [illegible] had impressive results. Last year only [illegible] tonnes of the total output of 90 [illegible] were not registered, compared [illegible] 50.5 of 80 tonnes the previous year. According [illegible] Mr [illegible]mao, Brazil [illegible] absorb [illegible] per [illegible] a financial [illegible] while the rest is exported by the central bank [illegible] maintain [illegible] exchange rate.

Despite the success in countering garimpos and smuggling, Mr Salamao [illegible] Brazil's continuing economic crisis and [illegible] investment climate presents [illegible] considerable challenge for the rest of the decade. $1.4bn was invested in gold production and exploration over the last [illegible] years but the tendency is for this to fall. Production from mining companies [illegible] expected to [illegible] 44.5 tonnes in 1993 and, in the [illegible] scenario, stabilise [illegible] this level, compared to the most optimistic scenario [illegible] ending the decade with a total production of 120 tonnes.

Mr Salamao said [illegible] depends on very heavy investment. This might be forthcoming if a proposed constitutional amendment is passed to end the current restriction under which foreign companies can put up only [illegible] cent [illegible] total risk capital.

Record aluminium stocks cut price by $15

By David Blackwell

ALUMINIUM stocks in London Metal Exchange warehouses climbed yesterday to the high[illegible] level ever recorded for a single base metal, overtaking [illegible] 645,300 tonnes reached by copper stocks in early 1978.

Stocks of aluminium rose [illegible] a further 10,125 tonnes [illegible] stand at 653,775 tonnes. A year [illegible] LME aluminium [illegible] tonnes.

The relentless accumulation [illegible] aluminium has taken prices down [illegible] the [illegible] levels [illegible] the LME launched [illegible] contract for [illegible] per cent metal in 1987. Yesterday, three-month aluminium closed [illegible] $1,224.50 [illegible] tonne, [illegible] down on the day, after falling [illegible] low [illegible] $1,222 earlier in [illegible] day's trading.

Analysts yesterday said [illegible] producers would have [illegible] make production cuts. Mr Nick Moore, of Ord Minnett, compared [illegible] to juggernaut [illegible] other [illegible] full tilt. "The results of their [illegible] plain to [illegible], but both believe the right [illegible] is theirs."

Mr Robin Bhar, analyst [illegible] Carr Kitcat & Aitken, [illegible] of aluminium from the [illegible] Union was [illegible] main reason behind the surge in supplies. "This [illegible] they [illegible] on [illegible] export 600,000 tonnes, compared with 350,000 [illegible] 400,000 [illegible] year."

Mr Angus MacMillan, analyst [illegible] Billiton-Enthoven Metals, [illegible] in capacity [illegible] around 500,000 [illegible] by [illegible] producers [illegible] now [illegible] bring [illegible] market fairly [illegible] balance. Apart from [illegible] imports, [illegible] had been hit by the recession [illegible] English [illegible] economies and slower [illegible] of growth in demand elsewhere.

He suggested [illegible] metal of only 99 per cent and [illegible] per cent purity [illegible] being bought in the [illegible] at discounts of between $30 and [illegible] a [illegible] to [illegible] LME price. The metal was then melted [illegible] and "sweetened" with [illegible] he said.

Producers had good reasons not to cut production. Many in the US had [illegible] power and raw material costs linked [illegible] the price [illegible] the metal, [illegible] European smelters had been protected by the strength of the [illegible] dollar.

However, most analysts believe [illegible] if production is not curbed, prices could retreat further.

LME WAREHOUSE STOCKS [illegible] at Monday's [illegible] tonnes		
Aluminium	+10125	[illegible] 653,775
Copper	+1575	[illegible]
Lead	+1600	to [illegible]
Nickel	[illegible]	[illegible]
Zinc	-625	to [illegible]
Tin	-225	to [illegible]

Cotton producers bullish about industry's prospects

The ICAC expects production and consumption to rise, says John Murray Brown, back from Antalya

THE absence of China, the world's largest producer, [illegible] inability of Soviet delegates [illegible] provide reliable figures, did little [illegible] dampen proceedings at the [illegible] annual meeting [illegible] of the International Cotton Advisory Committee in the Turkish [illegible] of Antalya.

The 34-nation ICAC, which [illegible] as watchdog for the [illegible] trade, [illegible] forecasting higher consumption and production. The resulting rise in stocks however [illegible] likely to hold back prices.

Production [illegible] set [illegible] reach an all time high of 92m bales in the 1991-92 [illegible], with increases in medium and [illegible] categories. [illegible] production however [illegible] again set to fall for the fifth year running, as Sudan converts [illegible] crops, and [illegible] experiences irrigation shortages. Exports of [illegible] fine [illegible] fine grades [illegible] forecast [illegible] fall [illegible] cent in [illegible].

China, although not repre[illegible] the ICAC, continues to [illegible] calculations. The ICAC [illegible] will harvest 22m bales, up from 20.7m in [illegible] expected to [illegible] 1m [illegible] during [illegible] next [illegible] years, accounting [illegible] half the world [illegible].

The [illegible] a [illegible] 325,000 bales [illegible] Chinese [illegible] experi[illegible] flood damage [illegible] year. [illegible] the latest imports probably represent transport [illegible] produc[illegible] to top [illegible] mill supplies. [illegible] ICAC [illegible] predicting lower imports by China, contributing [illegible] 1m [illegible] drop in world [illegible] volume in 1991 [illegible] 22.7m.

[illegible] consumption mean[illegible] a record [illegible] in 1991 as industrialised countries pull [illegible] recession. August stock levels [illegible] 29m [illegible], an increase [illegible] 1m bales from a year earlier. However, of that figure, an [illegible] 17m is owned by mills in [illegible] producing countries, [illegible] further 5m [illegible] sents producers' export commitments. Of the 7m bales of uncommitted stocks, the [illegible] Union accounted for 2.4m.

Indeed the uncertainty over Soviet production is the main factor hanging [illegible] the price. Next year's Soviet production is projected to fall over [illegible] per cent from the 12m bales in [illegible] East European countries traditionally accounted for over half of the Soviet Union's cotton exports. [illegible] the collapse of the Comecon [illegible]ing s[illegible] and uncertain relations with the central authorities, are forcing the [illegible] producing republics [illegible] new trading avenues.

The International Institute for [illegible] (IIC) may close down after [illegible] quarter [illegible] century [illegible] promoting cotton [illegible] more support from producers, its secretary-general Mr Harpal Luther said yesterday, Reuter reports.

The IIC, based [illegible] Brussels, [illegible] conceived by its mem[illegible] – the [illegible], Mexico, Tanzania, Ivory Coast, Uganda, Zimbabwe, Nigeria and India – to improve cotton products and processing, gather market information and promote cotton's virtues.

Mr Luther said cotton producers were neglecting the IIC because sales were good. Some cotton producers also believe [illegible] International Cotton Advisory Committee covers their needs. "There should be [illegible] self-financing system for cotton. The money for programmes should not come from farmers and governments. It may [illegible] claimed from the con[illegible] in such a [illegible] that [illegible] hidden in the price [illegible] products," Mr Luther said.

"There's [illegible] cotton coming [illegible] door, under barter deals, and [illegible] what price, no one knows," says Mr Ray Butler, editor of Cotton Outlook, the main trade magazine.

The main production [illegible] of Uzbekistan is suffering severe salinity problems, affecting crop rotations. A US agriculture official said the Soviet Union will have a fall[illegible] share of world production.

Other producers like Sudan are set to see a fall in production as urgent food needs force the government to switch more land to food crops. Pakistan's exports are also set to fall as the country's growing textile industry absorbs more local production. Pakistan, [illegible] world's second largest exporter in 1988 with 3.8m bales, is expected to ship less than [illegible] million [illegible] in 1992.

Australia, one of the most efficient producers, is now the world's third largest exporter. However officials believe the dramatic growth of the Austra[illegible] industry [illegible] began in 1980 has almost run its course. Lack of new acreage means exports are set to level off [illegible] around 1.9m bales in 1992.

Uganda meanwhile [illegible] seeking international [illegible] to revive its [illegible] industry, which has been returned to the private sector after years as a parastatal. Mr James Obbo of the Lint Marketing Board says both Lonrho and Ralli brothers are showing interest.

Shipments from Egypt are also set to pick up as the government adopts a more realistic pricing policy in line with economic reforms being administered by the World Bank.

In the [illegible] term, all produc[illegible] are waiting to [illegible] crop results from the US, the world's largest exporter.

Flooding in the Mississippi Delta means some acreage has not been planted. Meanwhile a continuing aphid problem in Texas is affecting yields. How[illegible] late start, US pro[illegible] benefiting from improved weather, [illegible] Mr Russel Barlowe, chief [illegible] at the US agriculture department.

The US is set to increase its end stocks by 400,000 tonnes. As a result officials now predict a decrease in acreage in 1992 in line with the 1990 US Farm Bill, which provides for a [illegible] per cent [illegible] stocks to cotton use. News last week that the USDA was raising its September crop estimates – to 17.9m bales – knocked a further 2 US cents off the Cotlook A-index price, which ended [illegible] week at US 69 cents.

Five Ural copper mines set to close

By Kenneth Gooding, Mining Correspondent

FIVE copper mines in [illegible] former [illegible] Union's Ural mountains [illegible] almost certain to be [illegible] because they [illegible] economically viable, [illegible] Metals & Minerals [illegible] tancy group.

[illegible] that concen[illegible] mines – [illegible]rial with [illegible] 20 per cent [illegible] – will not [illegible] exported [illegible] the [illegible].

MMRS [illegible] mines – [illegible] Uchaly, Sibay, Gay, Busibay and [illegible] biggest, [illegible] underground mine – [illegible] supplied [illegible] "highly environmentally questionable [illegible] smelter."

In [illegible] Metal Con[illegible] report, MMRS [illegible] that some low grade copper [illegible] from mines in Armenia were exported to [illegible] year and some [illegible] bought by Japanese smelters.

The Armenian mines previously supplied [illegible] Alaverdi [illegible] which [illegible] closed [illegible] authorities in [illegible] year. Alaverdi, [illegible] MMRS, produced about 80,000 tonnes [illegible] year of copper but was [illegible] big polluter.

"In 1988 its exit [illegible] tained [illegible] 160,000 tonnes [illegible] emissions of which [illegible] 40,000 tonnes [illegible] sulphur dioxide. By mid-1989 the plant [illegible] exceeding permitted emission levels by 200 per cent [illegible] times. It was also emitting [illegible] (meaning that concentrate feedstocks [illegible] arsenical also). This arsenic [illegible] dispersed into [illegible] atmosphere and was in surface water run-off into [illegible] Debet."

[illegible] Concentrates. [illegible] a year for [illegible] copies from MMRS, [illegible] Henry Street, Bath, [illegible] BA1 1JT, England.

Australian mineral output to rise

By Kevin Brown in Sydney

DEMAND for Australian mineral products will [illegible] year, leading to higher growth [illegible] production [illegible] medium term, the Australian Bureau [illegible] Agricultural and Resource Economics (Abare) [illegible] yesterday.

Mr Michael Kirby, [illegible] chief commodity analyst, [illegible] mining [illegible] in Sydney that the value [illegible] non-fuel min[illegible] by an average [illegible] just [illegible] per cent [illegible] year in real terms [illegible] the [illegible] years.

However, Mr Kirby [illegible] the [illegible] of increase [illegible] well [illegible] per [illegible].

Mr Kirby [illegible] the Abare [illegible] commodity index would fall by [illegible] per [illegible] in special drawing rights (SDR) [illegible] year, following [illegible] fall of [illegible] in [illegible]. The impact [illegible] Australian industry [illegible] around [illegible] per [illegible] in [illegible] terms, however, partly because of [illegible] export [illegible].

Abare's forecasts confirm [illegible] indications [illegible] gold production peaked [illegible] 238 tonnes, [illegible] from [illegible]. Production [illegible] expected to fall [illegible] than [illegible] this year, reflecting lower world prices, mine closures and the impact [illegible] tion [illegible] marginal operations.

[illegible] exports, which [illegible] lag behind production figures, [illegible] peak [illegible] tonnes, [illegible] more than A$4bn.

Mr Kirby [illegible] production was unlikely [illegible] fall [illegible] low levels, [illegible] by some [illegible] and industry [illegible]. However, production [illegible] likely [illegible] slip to around 200 tonnes by [illegible].

Mr Kirby [illegible] aluminium production would rise slightly [illegible] year [illegible] kilotonnes, and alumina production [illegible] be rise marginally to 11.6 megatonnes. He [illegible] export earnings from aluminium [illegible] by nine per [illegible] A$9bn [illegible] year, and [illegible] by [illegible] further [illegible] just [illegible] A$1.92bn. The [illegible] of exports [illegible] aluminium and [illegible] would rise by nearly [illegible] cent a [illegible] over the five years to 1995/96 [illegible] more [illegible] in current prices.

Iron ore export earnings would grow from [illegible] to nearly [illegible] around A$3.4bn in 1995/96, he [illegible].

Go-ahead expected for Chilean mine

By Leslie Crawford in Santiago

Outokumpu Copper [illegible] of Finland is expected shortly [illegible] announce the go-ahead for [illegible] Zaldivar copper project in [illegible] Chilean [illegible] which will require an [illegible]ment of more than $300m.

The company's [illegible] in Santiago announced that [illegible] thorough exploration [illegible] had [illegible] the original estimates of [illegible] 120m tonnes of refined [illegible] – enough [illegible] keep the mine productive [illegible] 20 [illegible] an [illegible] copper [illegible] of 1.7 per [illegible], not [illegible] rich [illegible] its neighbour La Escondida, but more than [illegible] time the average of US and Canadian mines. [illegible] will produce 100,000 tonnes of copper a year.

In addition, Outokumpu recently cracked [illegible] of [illegible] toughest problems [illegible] mining in [illegible] in [illegible] world – finding water. "We have tapped an aquifer [illegible] 100 km (60 miles) away [illegible] the Andes," says Mr Paul Preminger, Zaldivar's project director. Building the [illegible] to [illegible] the mine's [illegible] supply will take up at least 10 per cent of [illegible] project's total [illegible].

Zaldivar is the latest of [illegible] multi-million dollar projects [illegible] are [illegible]ing Chile's Atacama desert into the [illegible] leading copper [illegible] area. La Escondida, the [illegible] inaugurated [illegible], is just [illegible] stone's throw way from Outokumpu's Zaldivar mountain. Phelps Dodge is spending [illegible] to develop La Candelaria, which will produce gold [illegible] well [illegible] copper. Chuquicamata, [illegible] biggest [illegible] mine, [illegible] just 100 [illegible] north.

[illegible] feasibility study is expected [illegible] ready early next year. Outokumpu has yet [illegible] will exploit the mine [illegible] an open-cast operation [illegible] by tunnelling into [illegible].

Outokumpu is also studying how best to finance Zaldivar's development, which will be its biggest investment [illegible] land. Company [illegible] say [illegible] will probably include [illegible] bination [illegible] equity, bank loans and selling production in [illegible] to copper [illegible] might well be [illegible] new [illegible] which Outokumpu is considering building in Portugal.

The Finnish company says it is planning to commit $500m [illegible] the next five years in Chile. It has signed [illegible] protocol agreement with Codelco, [illegible] Chilean [illegible] copper corporation, to develop [illegible] properties jointly.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market [illegible], $ per tonne, in [illegible], 1,640-1,670 [illegible].

BISMUTH: European free market, min. [illegible] per cent, [illegible] lb, tonne lots in warehouse, 2.80-3.20 (same).

CADMIUM: European [illegible] market, min. 99.5 per cent, $ [illegible] lb, in warehouse, [illegible] (2.05-2.35).

COBALT: European free [illegible], 99.5 per [illegible], $ per lb, in warehouse, 14.50-15.00 (14.00-14.50).

MERCURY: European free market, min. [illegible] per cent, $ per 76 lb flask, [illegible] warehouse, [illegible] (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, [illegible] (2.26-2.31).

SELENIUM: European [illegible] market, min 99.5 per cent, $ per lb, in warehouse, [illegible]4.80-5.40 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 59-67 (same).

VANADIUM: European free market, min. [illegible] per cent, $ a lb V_2O_5, cif, 2.15-2.35 (2.20-2.40).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 8.75 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

[illegible] prices [illegible] sharply [illegible] in London and [illegible] in [illegible] York at midday. London dealers said the market [illegible] following New York with some reluctance but was unable to maintain levels while US prices continued to tumble. [illegible] York analysts [illegible] dryness in Brazil's coffee growing [illegible] had continued [illegible] underpin prices despite the setbacks. But [illegible] market [illegible] sceptical about a 10 per [illegible] producer [illegible] plan which will [illegible] presented formally [illegible] next [illegible] ICO meeting in London. [illegible] prices [illegible] London [illegible], [illegible] by [illegible] buying in thin volume. [illegible] the [illegible] world supply-demand [illegible] with interest, [illegible] a deficit of [illegible] 140,000 tonnes generally expected. LME base metals prices [illegible] generally lower. Nickel continued to retreat [illegible] LME stocks [illegible] to a 14-month [illegible]gh of 8,802 tonnes. Copper [illegible] the highest since March 1984; commission [illegible] underlined [illegible] below [illegible] a tonne, with option-related selling exerting additional pressure. [illegible] lifted early by silver and platinum [illegible] London bullion market, but [illegible] profit taking. "Gold [illegible] higher, but [illegible] much [illegible] it from above," [illegible].

Compiled [illegible]

London Markets

SPOT MARKETS		
Crude [illegible] FOB)		+ or -
[illegible]	$17.07-7.15z	-.275
Brent Blend (dated)	$20.25-0.30	-.275
Brent Blend (Nov)	$20.20-0.25	-0.20
W.T.I. [illegible] pm est)	[illegible]	[illegible]
[illegible] products [illegible] per [illegible] CIF)		+ or -
[illegible]	$247-249	+1
[illegible] Oil	[illegible]	[illegible]
Heavy Fuel Oil	$72-73	+1.5
Naphtha	[illegible]	-1
[illegible] Argus [illegible]		
Other		+ or -
[illegible] (per [illegible] oz)♣	$346.55	+0.90
Silver (per troy oz)♣	408.0c	+1.5
Platinum (per troy oz)	$352.75	+2.75
Palladium (per troy [illegible])	$81.50	-0.75
Copper (US [illegible])	110.0c	-1.0
Lead (US Producer)	34.0c	-1.0
Tin (Kuala Lumpur market)	15.10r	-0.05
Tin (New York)	259.5c	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	101.58p	-0.45*
Sheep (dead weight)†	106.44p	+0.17*
Pigs (live weight)†	73.40p	[illegible]
London daily sugar (raw)	[illegible]	-5.0
London daily sugar (white)	[illegible]	-0.5
[illegible]	£240.0	-4.0
Barley (English [illegible])	£116.0u	
[illegible] (US No. 3 [illegible])	£143.0u	
[illegible]	£97.0	
Rubber [illegible]	[illegible]	[illegible]
[illegible]	51.75p	-0.25
[illegible] (KL RSS [illegible] 1 [illegible])	223.0r	-1.5
Coconut oil (Philippines)§	$462.5q	
Palm Oil (Malaysian)§	$330.0t	
[illegible] (Philippines)§	[illegible]	[illegible]
Soyabeans (US)	£159.0	+1.0
[illegible] "A" [illegible]	[illegible]	[illegible]
[illegible] (64s [illegible])	357p	

£ a tonne [illegible] c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Sep/Dec u-Oct x-Sep y-Aug/Sep z-Nov j-Oct/Nov. †Meat [illegible] prices. * change [illegible] a week ago. [illegible] physical market. §CIF Rotterdam. ♣ [illegible] m-Malaysian cents/kg.

SUGAR – London [illegible] ($ per [illegible])				
[illegible]	Close	[illegible]	High/Low	
Oct	[illegible]	197.00	202.00	194.00
Dec	[illegible]	[illegible]	190.00	185.00
Mar	[illegible]	[illegible]	190.00	183.00
May	191.80	188.60	183.00	183.00
Oct	200.00		190.00	
[illegible]	Close	[illegible]	High/Low	
Dec	286.5	[illegible]	286.0	280.5
Mar	[illegible]	282.0	286.5	[illegible]
May	283.0	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	281.5
[illegible]	264.0	260.0	[illegible]	[illegible]

Turnover: Raw 1203 (296) lots of 50 tonnes. White 1778 (1255)
Paris- White (FFr per tonne): Oct [illegible]

CRUDE OIL – IPE [illegible]				
	Latest	Previous	High/Low	
Nov	20.20	20.42	20.45	20.12
Dec	20.16	[illegible]	[illegible]	[illegible]
Jan	20.05	[illegible]	20.20	20.05
Feb	19.80	20.02	19.80	
Mar	[illegible]	19.92	[illegible]	19.80
Apr	[illegible]	19.82	[illegible]	
Jun	[illegible]	19.65	19.56	19.53
IPE [illegible]	20.41	20.29	20.41	

Turnover 27532 (12466)

GAS OIL – IPE			$/tonne	
	[illegible]	[illegible]	High/Low	
[illegible]	193.25	194.75	195.50	193.00
[illegible]	[illegible]	197.00	[illegible]	195.00
[illegible]	[illegible]	197.75	[illegible]	195.50
Jan	193.75	195.25	[illegible]	[illegible]
Feb	[illegible]		[illegible]	[illegible]
Mar	182.00	183.50	183.25	182.00
Apr	177.00	178.00	180.00	177.00
[illegible]	[illegible]	174.00	174.00	173.00

Turnover 6279 (6425)lots of 100 tonnes

JUTE
September/October c and f Dundee BTC $425, BWC $425, BTD $390, BWD $365; c and f Antwerp BTC $400, BWC $395, BTD $375, BWD $370.

COTTON
Liverpool- Spot and shipment sales for the week ending September 13 amounted to 120 tonnes against 88 tonnes in the previous week. Demand for specialist growths dropped with only minor purchases in Californian and North American qualities.

[illegible] – London FOX			£/tonne	
	[illegible]	[illegible]	High/Low	
Sep	[illegible]	[illegible]	714	[illegible]
Dec	[illegible]	[illegible]	782	[illegible]
Mar	[illegible]	770	787	[illegible]
May	[illegible]	790	805	790
Jul	825	809	[illegible]	810
Sep	845	828	[illegible]	829
[illegible]	[illegible]	851	[illegible]	855
[illegible]	868	874	869	860
May	907	892	906	898
Jul	926	910	924	920

Turnover: 4139 [illegible] lots of 10 [illegible]
ICCO indicator prices (SDRs per tonne). Daily price for Sep 16 935.63 (944.01) 10 day average [illegible]

[illegible] – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	525	520	508
[illegible]	552	546	543	531
[illegible]	556	565	[illegible]	[illegible]
[illegible]	571	580	[illegible]	[illegible]

[illegible] lots of 5 tonnes
[illegible] (US cents per pound) [illegible] 16 : Comp. [illegible] 15 [illegible] 66.97 (66.73)

POTATOES – London FOX			£/tonne	
	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	118.6

[illegible] (55) [illegible] 20 [illegible]

SOYAMEAL – [illegible] FOX			[illegible]
	[illegible]	[illegible]	High/Low
Dec	140.00	[illegible]	140.00

[illegible] 25 [illegible] 20 tonnes.

[illegible] – London FOX			[illegible] point	
	[illegible]	[illegible]	High/Low	
Sep	1586	1580	1590	1585
Oct	[illegible]	[illegible]	[illegible]	1700
[illegible]	1725	1720	[illegible]	1720
[illegible]	1734	[illegible]	[illegible]	[illegible]
BFI	1545	1546	1545	

[illegible] (313)

[illegible] – London FOX			[illegible]	
Wheat	Close	Previous	High/Low	
Nov	117.20	116.90	117.20	116.90
Jan	[illegible]	[illegible]	120.50	[illegible]
Mar	[illegible]	[illegible]	123.60	[illegible]
May	[illegible]	126.55	[illegible]	125.75
Jun	128.25		128.25	
[illegible]	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	113.35	113.40	
Jan	116.90		116.90	
[illegible]	[illegible]		119.40	

Turnover: [illegible] 294 (104), Barley [illegible] (15). [illegible] 100 tonnes.

PIGS – [illegible] FOX			[illegible] Settlement [illegible]	
	[illegible]	[illegible]	High/Low	
[illegible]	106.0	104.5	106.0	105.0
[illegible]	106.5	[illegible]	106.0	[illegible]
Jan	106.5	106.3	106.5	

Turnover:70 (117) [illegible] 3,250 kg

[illegible] – London FOX					
	[illegible]	Prev.	High	Low	[illegible]
Indx	134.53	135.98			
[illegible]	136.00	136.80	136.00	[illegible]	[illegible]
[illegible]	136.20	137.10	136.40	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	136.40	135.60	[illegible]
Mar	[illegible]	[illegible]	[illegible]	137.30	[illegible]
Jun	137.70		136.40	137.70	60

LONDON METAL EXCHANGE	[illegible] Amalgamated Metal Trading)				
	Close	[illegible]	High/Low	[illegible] Official	Kerb close
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover [illegible] lots	
Cash	1194-6	1209-11		1193-4	
3 months	[illegible]	1239-40	1233/1221	1222-3	1226-7 [illegible] lots
Copper, Grade A (£ per tonne)				Total daily [illegible]	
Cash	1309-10	1320-1	[illegible]	[illegible]	
[illegible]	[illegible]	1329-9	[illegible]	[illegible]	1314-5 [illegible]
[illegible] (£ per tonne)				Total daily [illegible] lots	
Cash	307-8	306.5-7.5	[illegible]	[illegible]	
3 [illegible]	[illegible]	318.5-9	319/317	318.5-9	318-8.5 14,167 [illegible]
[illegible] ($ per tonne)				Total daily [illegible] lots	
Cash	7550-60	7615-25		7520-30	
3 [illegible]	[illegible]	[illegible]	[illegible]	7565-70	[illegible] lots
Tin ($ per tonne)				Total daily [illegible] 1,381 lots	
[illegible]	5580-90	5610-20	5600	5595-600	
3 [illegible]	[illegible]	5685-90	5695/5655	[illegible]	5660-70 [illegible] lots
Zinc, Special High [illegible] ($ per tonne)				[illegible] daily [illegible]	
Cash	1026-30	1032-3		1023.5-4.5	
3 [illegible]	[illegible]	1052-3	[illegible]	[illegible]	1050-1 [illegible] lots

LME Closing £/$ rate: [illegible] 1.7425 [illegible] 1.7228 [illegible]

LONDON BULLION MARKET [illegible] N.M.Rothschild)		
[illegible] (fine [illegible] $ [illegible])		£ [illegible]
[illegible]	346.30-346.80	
Opening	344.85-345.25	
Morning fix	[illegible]	[illegible]
Afternoon fix	[illegible]	[illegible]
Day's high	[illegible]	
Day's low	344.85-345.25	

[illegible] Ldn Mean [illegible] Lending Rates (Vs US$)			
1 month	5.11	6 months	4.98
2 months	5.06	12 [illegible]	[illegible]
3 months	5.02		

Silver fix	p/fine oz	US cts equiv
Spot	233.80	407.75
3 [illegible]	239.50	413.00
6 months	[illegible]	418.45
12 [illegible]	[illegible]	431.10

GOLD COINS (Prices supplied by Engelhard [illegible])		
	$ [illegible]	£ [illegible]
Krugerrand	[illegible]	[illegible]
Maple [illegible]	[illegible]	204.00-204.50
[illegible] Sovereign	[illegible]	[illegible]

TRADED OPTIONS				
Coffee	Nov	Jan	Nov	Jan
500	34	64	3	9
550	6	32	25	27
600	1	14	70	59
Cocoa	Dec	Mar	Dec	Mar
725	51	[illegible]	28	31
750	38	77	40	41
775	[illegible]	54	[illegible]	53
Brent Crude	Nov	Dec	Nov	Dec
2000	[illegible]		26	
2050	30	59	48	
2100	16	38		

New York

GOLD 100 troy oz.; [illegible] oz.				
	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	0	0
[illegible]	347.3	345.2	348.0	346.8
[illegible]	348.8	[illegible]	0	[illegible]
Dec	350.4	[illegible]	[illegible]	[illegible]
[illegible]	353.5	351.3	[illegible]	[illegible]
Apr	356.3	[illegible]	[illegible]	356.0
Jun	359.3	3357.1	359.4	359.2
Aug	362.4	360.2	362.7	362.7
Oct	365.4	363.2	365.0	365.0

PLATINUM 50 troy oz; $/troy oz.				
	[illegible]	[illegible]	High/Low	
Oct	[illegible]	[illegible]	[illegible]	352.0
[illegible]	[illegible]	354.2	359.0	357.0
[illegible]	[illegible]	358.1	[illegible]	[illegible]
Jul	[illegible]	361.9	366.0	364.0
Oct	372.5	363.4	0	0

SILVER 5,000 [illegible] oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	405.7	[illegible]	406.0	404.5
Oct	406.4	[illegible]	0	0
[illegible]	408.6	[illegible]	0	0
[illegible]	411.0	[illegible]	414.5	408.5
Jan	413.1	[illegible]	0	0
[illegible]	417.7	411.7	421.0	[illegible]
May	[illegible]	416.2	[illegible]	[illegible]
Jul	[illegible]	420.4	[illegible]	427.0
Sep	[illegible]	[illegible]	0	0
Dec	[illegible]	432.5	0	0

HIGH GRADE [illegible] 25,000 [illegible]				
	[illegible]	[illegible]	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	102.00	[illegible]	102.65	102.00
Dec	101.50	[illegible]	102.70	101.30
Jan	100.90	[illegible]	0	0
Feb	[illegible]	101.60	0	0
Mar	99.70	101.10	100.70	[illegible]
[illegible]	[illegible]	100.70	0	0
[illegible]	[illegible]	100.30	0	99.50
[illegible]	98.40	99.95	[illegible]	0

CRUDE OIL (Light) 42,000 US galls [illegible]				
	Latest	[illegible]	High/Low	
Oct	21.58	21.82	21.80	21.52
Nov	21.49	21.72	21.70	21.45
Dec	21.41	21.63	21.60	21.36
Jan	21.25	21.49	21.48	21.23
[illegible]	21.13	21.34	[illegible]	21.12
[illegible]	21.00	21.18	[illegible]	21.00
Apr	20.83	21.03	20.97	20.83
May	[illegible]	[illegible]	[illegible]	20.69
Jun	20.55	20.81	20.72	20.72

HEATING OIL [illegible] US [illegible] cents/US [illegible]				
	Latest	Previous	High/Low	
[illegible]	[illegible]	6206	[illegible]	6090
Nov	6230	[illegible]	[illegible]	6210
[illegible]	[illegible]	[illegible]	6425	[illegible]
[illegible]	[illegible]	6458	6440	6350
Feb	[illegible]	[illegible]	6305	6225
Mar	[illegible]	[illegible]	6040	5985
[illegible]	[illegible]	5679	0	0
Jul	5500	[illegible]	5600	5600

[illegible] 10 [illegible]				
	[illegible]	[illegible]	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	1268	1300	1275
Jul	1330	1292	1328	1326
[illegible]	1352	1316	0	0
[illegible]	[illegible]	1346	[illegible]	0
Mar	1429	1393	1402	[illegible]
May	1456	1420	1422	1422
Jul	[illegible]	[illegible]	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
[illegible]	83.85	86.50	86.50	83.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	97.75	97.30	95.60
[illegible]	[illegible]	100.50	0	[illegible]
Dec	[illegible]	104.50	[illegible]	[illegible]

SUGAR WORLD "11" [illegible] lbs; [illegible]				
	Close	Previous	High/Low	
Oct	8.98	[illegible]	[illegible]	[illegible]
Mar	8.88	[illegible]	[illegible]	8.57
[illegible]	8.84	8.51	8.85	[illegible]
Jul	8.80	[illegible]	8.80	8.55
Oct	[illegible]	[illegible]	8.77	8.55

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	64.33	66.60	64.50	63.85
Dec	65.41	67.65	[illegible]	[illegible]
Mar	66.73	68.28	66.95	[illegible]
[illegible]	67.35	[illegible]	67.60	[illegible]
Jul	[illegible]	[illegible]	68.20	68.00
[illegible]	66.88	67.50	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	[illegible]	[illegible]	High/Low	
Sep	120.90	118.90	119.75	118.10
Nov	118.10	115.85	118.90	115.60
Jan	117.25	115.75	117.50	115.25
Mar	118.10	116.65	118.10	116.00
May	119.00	117.75	119.00	117.00
Jul	119.05	117.75	0	0
Sep	119.05	117.75	0	0
Nov	119.05	117.75	0	0
Jan	119.05	117.75	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Sep 17	Sep 16	mnth ago	yr ago
	1637.9	1645.9	1643.9	1796.9
DOW JONES (Base: Dec. 31 1974 = 100)				
	[illegible] 16	[illegible] 13	mnth ago	yr [illegible]
[illegible]	[illegible]	[illegible]	116.78	129.35
[illegible]	122.98	[illegible]	120.02	132.74

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	600/4	602/0	604/4	600/0
Nov	611/4	609/0	614/4	607/2
Jan	621/6	619/0	625/0	618/0
Mar	632/0	629/2	634/4	627/6
May	638/0	635/0	640/0	634/0
Jul	641/4	639/4	644/4	638/4
Aug	636/0	631/0	638/0	633/4
Sep	608/6	603/0	610/0	605/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	N/A	20.74	-	-
Oct	N/A	20.76	-	-
Dec	N/A	21.08	-	-
Jan	N/A	21.30	-	-
Mar	N/A	21.62	-	-
May	N/A	21.90	-	-

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	202.3	200.8	202.5	199.0
Oct	199.5	198.2	199.7	196.7
Dec	196.6	195.7	197.5	194.5
Jan	194.6	193.6	195.3	192.6
Mar	192.5	191.5	193.4	190.5
May	189.2	188.7	190.0	187.5
Jul	187.4	186.5	188.0	186.5
Aug	185.2	185.0	186.5	184.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	251/0	251/6	253/0	249/6
Dec	255/0	255/4	256/6	254/0
Mar	262/0	262/4	263/6	261/0
May	265/6	266/4	269/0	265/4
Jul	268/2	268/4	269/6	267/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	331/4	329/2	331/6	329/4
Dec	333/4	333/2	334/4	331/0
Mar	337/4	336/4	338/0	334/4
May	331/6	330/2	332/4	329/0
Jul	316/4	313/4	316/4	312/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	[illegible]	Previous	High/Low	
[illegible]	71.70	71.52	71.97	71.57
Dec	74.77	[illegible]	74.97	74.65
Feb	73.35	73.12	73.55	73.12
Apr	73.67	73.52	[illegible]	73.55
Jun	71.42	71.20	[illegible]	71.20
Aug	69.50	69.40	69.70	69.62

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	45.35	45.80	46.00	45.17
Dec	44.57	45.10	45.40	44.50
Feb	43.65	44.05	44.40	43.60
Apr	41.85	42.47	42.65	41.80
Jun	46.15	46.62	46.90	46.15
Jul	46.65	46.95	47.00	46.65
Aug	45.25	45.40	45.45	45.25

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	49.07	51.07	51.20	49.07
Mar	49.07	51.07	51.20	49.07
May	50.12	52.12	51.90	50.12
Jul	50.40	52.00	50.52	50.40
Aug	47.90	48.00	49.75	47.90

LONDON STOCK EXCHANGE

Market restrained by company news

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Sep 2	[illegible]	Sep [illegible]
Option Declarations:		
Sep 12	Sep 26	Oct 10
Last Dealings:		
Sep 13	Sep 27	Oct 11
Account Day:		
Sep 23	Oct 7	Oct 21

*New-time dealings may take place from 8.30 am two business days earlier.

CORPORATE results continued [illegible] restrain the London stock market yesterday. Despite buoyant performances in other global trading centres [illegible] £700m-plus takeover offer for Racal Electronics, which takes the total of [illegible] now [illegible] the market [illegible] more than £1bn, the FT-SE Index [illegible] further ground. After [illegible]ning the Footsie [illegible] briefly the market fell back [illegible] close 11.6 down at 2,594.4.

Disappointing results from some companies in the retail sector followed on the heels of Monday's [illegible] UK retail [illegible] had fallen 1.4 per cent in August and encouraged switching by the institutions out [illegible] consumer [illegible] and into [illegible]ital goods [illegible]

Trading volume [illegible] buttressed by heavy trading in Racal Electronics after Williams Holdings, the UK industrial holdings group with big [illegible] in the US, made an all-paper offer for the newly-demerged electronics group; dealers were surprised by Williams's move and shares in Electronics moved above the bid price as the market pre-empted a counter-stroke from any one of several leading names in the UK electrical and electronics industries.

Equities opened firmly and [illegible] recovered the Footsie [illegible] mark in the [illegible] good performances overnight in Tokyo and [illegible] York and confident openings [illegible] the [illegible] European bourses.

However, [illegible] UK market [illegible] into [illegible] early [illegible] investors shied away from trading results from Fisons, the pharmaceuticals group, and Tesco, the food supermarket group.

There were [illegible] signs of technical [illegible] despite [illegible] good premium on [illegible] future contract, which traditionally supports the underlying equity market. Marketmakers [illegible] stock [illegible] one [illegible] and, as [illegible] often recently, some large [illegible] held back until [illegible] end [illegible] the session, making it difficult for traders to identify the trend of the market.

The day's total of shares traded through the Seaq system reached 699.1m, rivalling the figures [illegible] seen during the *abortive coup* [illegible] and comfortably exceeding the 641.3m shares traded in [illegible] previous [illegible]

[illegible] strategists [illegible]mented that the market was [illegible] "stock specific", with the institutions showing ready support for bid situations [illegible] stock placings but also withdrawing quickly from areas in which confidence has [illegible]. Hopes for [illegible] recovery from [illegible] current recession [illegible] to have been replaced by expecta[illegible] that capital [illegible] investment will provide the required impetus.

Tesco and Kingfisher, both reporting profits yesterday, closed easier and Marks [illegible] Spencer and GUS joined the list [illegible] high [illegible] stocks to lose favour. With [illegible] quieter, the international blue chip [illegible] to show.

ICI, although regarded as less likely [illegible] an all-out bid from Hanson, which is [illegible] occupied with its agreed offer [illegible] Beazer, shed [illegible] little ground. But there [illegible] demand for such heavyweight names as British Gas and British Telecom.

[illegible] at the leading securities firms remained relatively bullish despite this [illegible] in the equity market. At Hoare Govett, Mr Richard Lake repated his short term Footsie [illegible] of 2,750.

Rival bid for Racal sought

THE FIRST [illegible] in the full-scale [illegible] for Racal Electronics [illegible] widely predicted by electronics [illegible] yesterday when Williams Holdings *launched an all-paper* [illegible] plus [illegible]

[illegible] raced higher on the news and closed a [illegible] 6½ ahead [illegible] 57½p, [illegible] above [illegible] all-share offer from Williams which values [illegible] *50½p per share* [illegible] yesterday's market prices. Turnover in Racal [illegible] 72m [illegible] Williams dropped 24 to 337p.

In announcing [illegible] bid Williams [illegible] it had built [illegible] 2.8 per [illegible] stake in [illegible] following [illegible] demerger from [illegible]fone. [illegible] quickly decided that [illegible] Williams [illegible] merely [illegible] opening [illegible] a counter-offer, [illegible] offers, may emerge as the takeover battle develops.

It was pointed [illegible] that the huge level of [illegible] in [illegible] after the "special ex" [illegible] were officially traded, throughout Monday's [illegible] building exercise and during [illegible] yesterday could [illegible] have accommodated another holding of between 3 and 5 per cent. Any other holding in [illegible] of 3 per cent would have to be revealed today.

[illegible] analysts [illegible] that Williams would have [illegible] its offer, to [illegible] 60p, in order to win control [illegible] Racal. The [illegible] to launch a counter-bid remained BTR, GEC, and Thorn EMI, although it [illegible] said that [illegible] need [illegible] capital-raising [illegible] in [illegible] to finance such [illegible] offer.

Fisons disappoints

Disappointing interim [illegible] from Fisons served to knock 7 per [illegible] from [illegible] underline [illegible] between City [illegible] and [illegible] the stock.

Fisons posted first-half profits of £95.2m, an improvement of just 5.5 per cent on the previous comparable figure and below the bottom of the range of analysts' forecasts.

Researchers [illegible] their estimates for the full year across the [illegible] bulls, [illegible] James Culverwell [illegible] said Tilade, the [illegible] drug, should receive US approval shortly [illegible] only [illegible] relatively small downward adjustment [illegible] fore[illegible] for next [illegible]

Taking [illegible] more negative stance, [illegible] Phillips [illegible] Drew said it remained "extremely cautious" on the stock, while BZW took £15m from its already *low full-year forecast* to £245m.

Fisons dropped 35 to 464p. Some 15m shares changed hands, making it the busiest day's trading for almost four years. "Some people were very *upset and were large sellers*," said one trader. He added that there was good demand for the shares at lower levels.

Telecom strong

BT (Telecom) delivered one of the best individual performances from a Footsie stock in the wake of strong American buying. Goldman Sachs, the US investment bank, was said to have been a big supporter of the shares ahead of an expected announcement that it has been appointed US lead manager to the flotation of the UK government's remaining near 48 per cent stake in BT.

The shares settled 9 higher [illegible], having touched 398p, [illegible] 4.4m [illegible] traded. Daiwa, [illegible] Japanese-owned securities [illegible], was also [illegible] keen supporter of the shares, after a 40-page buy note published by Daiwa telecoms analyst Mr John E. Clarke.

The Daiwa analyst described BT as "more than just a defensive utility". He added: "Annual earnings and dividend growth should exceed the likely UK industrial average over the next two years; cash flow is very strong, gearing will fall significantly."

Doubts were raised over the safe haven qualities of the food retailing sector yesterday after Tesco revealed how much of an effect the recession is having on supermarket sales.

[illegible] fell 14 to 266p in busy trading [illegible] announced with *its interim results* that sales growth had been significan[illegible] below that of the previous year. The other [illegible] weakened in sympathy. Argyll was off 8 at 296p. Asda was down 5 at 94p and J. Sainsbury slipped *9 to* 355p.

Although Tesco's [illegible] profits [illegible] in [illegible] with most forecasts, full [illegible] were reduced by between [illegible] to [illegible]

[illegible] fall of the leading food [illegible] as 10m shares changed hands. The company announced that Mr Patrick Gillam, [illegible] retiring [illegible] managing [illegible] BP, will become chairman. [illegible] *was disappointment* [illegible] yet [illegible] no [illegible] on [illegible] new [illegible]

The oil [illegible] pasting. [illegible] continued [illegible] suffer from the [illegible] adopted by [illegible] Turnbull and dipped a further [illegible] to [illegible] on keen turnover [illegible]

BP lost 5 [illegible] 327p, having [illegible] as [illegible] earlier in [illegible] session, with [illegible] than usual [illegible] traded. The [illegible] was depressed by revived stories that a hefty rights issue could [illegible] in the pipeline. Oil specialists thought this unlikely [illegible] pointed [illegible] that Mr [illegible] Horton, BP's chairman, had ruled out a rights issue when the group announced its interim figures on August 1.

British Gas provided the only strong performance in the sector, climbing 7 to 275p on 7.8m traded, with the market said to have been relieved at the extent [illegible] its price cuts for supplies to power [illegible] customers. Executives from British Gas's exploration and production division gave a presentation to [illegible] London Oil Analysts Group yesterday afternoon.

There was [illegible] flurry of activity in Reuters after two incorrect reports of [illegible] bonus issue in the stock appeared on the company's [illegible] newswire. The shares were briefly [illegible] better before ending at 920p for a net gain of 4.

Hanson [illegible] heavy two-way trade the [illegible] after the company launched [illegible] bid for Beazer. Turnover [illegible] 26m shares, just [illegible] previous day's [illegible] and [illegible] this [illegible] US buyers [illegible] 3¾ to 218p.

United Friendly "B" jumped 27 [illegible] following the 20 per [illegible] in the interim [illegible]

[illegible] dropped 11 to 559p [illegible] speculation [illegible] it may be set to acquire Littlewood's privately-owned mail order [illegible] talk that it could bid for Ratners. Kingfisher's interim profits of [illegible] down 4.4 per cent, [illegible] as expected by [illegible]

Sears held broadly steady against a weaker market after it announced [illegible] appointment [illegible] Mr Liam Strong as [illegible] executive. [illegible] penny lower [illegible] Mr Strong's departure from British Airways, [illegible] he [illegible] currently director [illegible] marketing, [illegible] 2 [illegible] 183p.

Whitbread [illegible] in an otherwise dull [illegible] sector. The shares [illegible] 12 [illegible] Hoare Govett lowered its profits [illegible] current [illegible] to £227m.

Rank Organisation lost ground as County [illegible] Thorn EMI. Analysts [illegible] Thorn's [illegible] music [illegible] starting today, and Rank's US [illegible] side [illegible] the [illegible]. Rank slipped 14 [illegible] 716p.

Ladbroke [illegible] ex [illegible] rights [illegible] yesterday and [illegible] was busy two-way [illegible] in [illegible] nil-paid [illegible]. Turnover there [illegible] 10m [illegible] price settled [illegible] 44p, below the day's [illegible]. Volume in [illegible] ordinary [illegible] strong [illegible] price fell 13 [illegible]

Forte was depressed by [illegible] of a rights [illegible]. The [illegible] finished down 4 [illegible] British Poly*thene accompanied* [illegible] *interim* [illegible] with [illegible] two [illegible] nine held [illegible] £15.4m. The [illegible] 8 to 354p.

British Aerospace gave up 13 [illegible] 401p [illegible] the shares settled [illegible] their [illegible] level [illegible] Turnover reached [illegible] the [illegible] held [illegible] meeting with [illegible] yesterday afternoon.

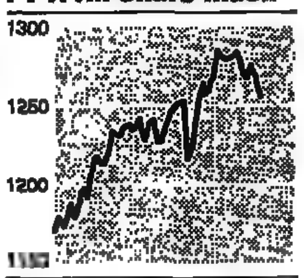
Hawker Siddeley gained 9 [illegible] tomorrow's interim figures on above-average turnover [illegible] 3m. Analysts expect profits [illegible] be in the range of £58m to £68m. There is still talk in the market that BTR may launch a bid for Hawker.

IMI lost 9 to 252p on meeting profit-taking.

MARKET REPORTERS:
Daniel [illegible],
Joel Kibazo, Jim McCallum,
Steve Thompson.

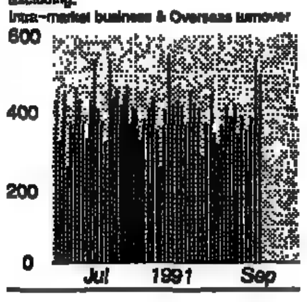
[illegible] market statistics, [illegible] ing [illegible] indices and [illegible] Traded Options, [illegible] 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by [illegible] (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (108).
INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) Inti-Amer. Dev. 9¼pc 2015, **BANKS** (2) Bancaire Cie, Secure Trust, **BREWERS** (1) Bulmer (HP), **BUILDINGS** (3) Brit. Dredging, Newman-Tonks, Tay Homes, **CHEMICALS** (4) Bayer, Caird, Do. 7p Prf., Jeyes, **STORES** (4) Amber Day, Cantors A, Hartstone, T & S, **ELECTRICALS** (8) Betacom, Druck, Harland Simon, Prestwick, Racal Electa., Volex, **ENGINEERING** (7) Atlas Converting Equip., BM, Johnson & Firth, Morris Ashby, Powerscreen, Prospect Inds., TI, **FOODS** (8) Brake Bros., *Morrison (Wm), Nichols* (Vimto), **INDUSTRIALS** (33) AAH, Assoc. Brit. Ports, Assoc. Farmers, Avon Rubber, BSS, Brit. Polythene, CRT, Charter Cons., Colorgen, Comac, Cornwell Parker A, ECC, Great Southern, Inchcape, Low & Bonar, Mining & Allied Supplies, Mitsubishi, Norcros, Page (*M*), Paterson Zochonis, Do. A, Porter Chadburn, Reliance Security, Reuters, Rolfe & Nolan, Ross, Scott Pickford, Serco, TT, UniChem, Vinten, Waterford Wedgwood, Worcester, **INSURANCE** (1) Utd. Friendly B, **LEISURE** (3) Capital Radio, Central ITV, Hi-Tec Sports, **MOTORS** (2) ERF, Lex Service, **PAPERS** (3) Cropper (J), Gold Greenlees Trott, Smurfit (J), [illegible] Brixton Est., Ewart, Mucklow (A & [illegible]) (1) Pittard Garnar, **SOUTH AFRICANS** (1) Barlow Rand, **TEXTILES** (2) Foster (J), [illegible] (3) Interlink Express, Mayne Nickless, NFC, **TRUSTS** (16) Aberforth Split Level Cap., Do. Units, Baring Puma Fund, Beta Global Emrg. Mkts. Wrrnts., Edinburgh Fund Managers, Exmoor Dual Inc., Moorgate Inv., Murray Smllr. Mkts., Murray Split Cap. Units, North Brit. Canadian, Rathbone Bros., St David Inc., TR Far East Inc., Templeton Emrg. Mkts., Do. Wrrnts., Whitbread Inv., **OILS** (1) Total B.

NEW LOWS (28).
AMERICANS (1) Texas Instruments, **CANADIANS** (1) Breakwater Res., **ELECTRICALS** (2) Burndeld, Oxford Instruments, **INDUSTRIALS** (5) Brit. Aerospace, Grovewood, Nestor-BNA, Tamaris, Wills, **LEISURE** (2) Quadrant, Surrey, **PAPERS** (1) Repola, **TRUSTS** (7) City & Commercial Inc., JF Asia Select, JF Indonesia Fund Inc., Japan OTC, Japanese Wrrnt. Fd. Wrrnts., Mediterranean Fund, Stratagem, **OILS** (4) Clyde, LASMO, Pict, Ultramar, **MINES** (3) Loraine, Randex, South African Land, Sons Gwalia, Vlakfontein.

APPOINTMENTS

Chief for AWD Trucks

AWD TRUCKS, one of the largest British-owned truck manufacturers and exporters, announced that deputy *chairman Mr David P. Brown (pictured)* is assuming the role of chief executive.

Mr Brown takes over from managing director Mr Michael Sanderson, who has resigned and accepted the post of group chief executive to the British Standards Institute. Mr Sanderson will remain on the AWD board as [illegible] non-executive director.

■ UNION BANK OF *SWITZERLAND has appointed* Mr Alan Saunders as the private banking division's new head of investment management. He was previously with Lazard Investors as investment director responsible for global *investment strategy*.

Prior to Lazard he worked for eight years at Royal Dutch/Shell, where for five years he was chief economist. Before that he was [illegible] partner of stockbrokers Simon & Coates.

■ PROVEND SERVICES, the company formed following the successful buy-out of the business and assets of Sketchley Vending, has named Mr Michael Borlenghi as non-executive chairman.

Mr Borlenghi was with GKN for 24 years, the last five as business development director.

■ DAVID S. SMITH (HOLDINGS), [illegible] paper and packaging group, has appointed Mr David Buttfield as group financial controller. He was financial controller of Reedpack, the office supplies, paper and packaging group.

■ Mr Christopher Galleymore and Mr Jeremy Gould have been appointed to the board of Touche Remnant Investment Management.

Mr Galleymore is responsible for the North American team and will manage the equities in that area for UK [illegible] fund clients, and Mr Gould joins the UK equity team on pension fund accounts.

■ *QS HOLDINGS announced* that Mr Nigel Tibbles has indicated that he will retire as chairman and a director of the company at the end of October immediately preceding his 61st birthday. He has been chairman of the group since 1985.

Mr Marc Walters, managing director of the main trading company since 1984 and of the group since 1988, has been elected as group chairman with effect from November 1. He will continue as managing director of the group.

Mr M.D. Lynch *(pictured)* has been appointed managing director of WIMPEY ENVIRONMENTAL, the Wimpey Group's multi-disciplined environmental consultancy. He has spent most of his career with Wimpey, including working with Wimpey Plant, Wimpey Merchants, Wimpey Homes and Wimpey Waste Management.

■ Mr David Parrish is taking on the role of assistant finance director at The General Electric Company. He joins GEC from ICI, [illegible] he was corporate treasurer.

■ BRITISH LAND has appointed Mr Nicholas Ritblat [illegible] a [illegible]

■ SPITALFIELDS DEVELOPMENT GROUP, a partnership of BICC Developments, County and District Properties (part of Costain) and London and Edinburgh Trust, named Mr Michael Bear, former managing director of Iberia Developments, as chief executive.

He succeeds Mr Brian Cheetham who, having overseen the construction of the New Spitalfields Market at Temple Mills, is leaving to pursue interests outside SDG. The Spitalfields and Stratford traders relocated to Temple Mills in May this year.

Mr Bear, [illegible] will head the SDG team which, since the appointment of urban designers Benjamin Thompson and Associates in April this year, has been working [illegible] a new master plan for the 12-acre site.

■ Within the FKI group, Mr Mike Wedgwood will become managing director of FKI Cutting Tools Division (comprising Clarkson International Tools and Osborn-Mushet Tools) [illegible] Mr Mike Goodchild managing director of FKI Cableform, both with [illegible] from October 1.

FINANCIAL TIMES STOCK INDICES

	Sept 17	Sept 16	Sept 13	Sept 12	Sept 11	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.38	87.44	87.48	87.16	87.01	78.29	87.48 (13/9)	[illegible] (2/1)	127.4 [illegible]	49.18 (3/1/75)
Fixed Interest	96.63	96.07	96.07	95.91	95.86	87.04	96.63 (17/9)	90.59 [illegible]	105.4 [illegible]1/47)	50.53 (3/1/75)
[illegible] Share●	[illegible]	[illegible]	[illegible]	2085.0	2068.1	[illegible]	2108.3 (2/9)	[illegible] (16/1)	[illegible]	[illegible]
[illegible]	155.6	155.0	154.4	156.4	160.2	186.2	222.8 (11/7)	127.0 [illegible]	734.7 [illegible]	[illegible] (26/10/71)
FT-SE 100 Share	[illegible]	2606.0	[illegible]	2641.9	2626.6	[illegible]	[illegible]	[illegible] (16/1)	2679.6 (2/9/91)	[illegible]
FT-SE Eurotrack 200	1174.54	[illegible]	1183.12	[illegible]	[illegible]	-	[illegible] (3/9)	938.62 (16/1)	[illegible] (3/9/91)	[illegible] (16/1/91)
●Ord. Div. Yield	4.73	4.71	4.67	4.63	4.63	6.02				
●Earning Yld %(full)	[illegible]	[illegible]	7.52	7.47	7.49	12.63				
●P/E Ratio(Net)(☆)	[illegible]	[illegible]	16.60	16.72	16.67	9.60				
[illegible] Bargns 4.45pm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17,615				
Equity Turnover(£m)†	-	896.99	1,163.70	[illegible]	[illegible]	[illegible]				
Equity Bargains†	-	[illegible]	[illegible]	31,441	[illegible]	[illegible]				
Shares [illegible] (ml)†	-	495.4	[illegible]	[illegible]	352.4	312.2				

[illegible] 100 [illegible] Fixed Int. [illegible] Ordinary 1/7/35, Gold [illegible] FT-SE [illegible] & FT-SE [illegible] 200 26/10/90. ☆ [illegible] 15.54

Ordinary Share Index, Hourly changes — Day's High 2057.7 — Day's Low 2032.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2056.4	2053.4	2045.4	2046.8	2039.1	2038.4	2037.9	2035.8	2037.4

FT-SE 100, Hourly [illegible] — Day's High 2612.7 — Day's Low [illegible]

Open	[illegible]	10 [illegible]	11 am	12 pm	[illegible] pm	2 pm	[illegible] pm	[illegible] pm
2611.2	2607.8	2595.4	2598.5	2592.8	2592.9	2592.9	2591.6	2595.4

FT-SE Eurotrack 200, Hourly changes — Day's High [illegible] — Day's Low 1171.54

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1175.47	1173.93	1175.15	1174.90	1174.68	1174.26	1174.46

GILT EDGED ACTIVITY

Indices*	[illegible]	[illegible] 13
Gilt Edged Bargains	73.1	[illegible]
5 – Day average	85.2	89.3

*SE Activity 1974.
†Excluding intra-market [illegible] & [illegible] turnover.

London report and [illegible] Share index:
Tel. 0898 [illegible]

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	[illegible]	[illegible]	[illegible]	Cookson	[illegible]	[illegible]		Lucas	[illegible]	[illegible]	-6	Severn Trent Water	[illegible]	369	+3
ASDA Group	10,000	[illegible]	-5	Courtaulds	297	482	-5	MB Caradon	775	[illegible]	-5	Shell Transport	[illegible]	500	-6
Abbey National	[illegible]	335		Dalgety	1,400	420	-5	MEPC	1,700	482	+4	Siebe	491	513	-12
Albert Fisher	2,200	102		De La Rue	[illegible]	[illegible]	-1	[illegible]	284	[illegible]	+1	Slough Ests	[illegible]	277	+2
Allied-Lyons	2,100	[illegible]	-2	Dixons	[illegible]	270	+4	[illegible]	6,900	278	-4	Smith (W H) A	412	447	-6
Amstrad	[illegible]	56		ECC Group	331	482	-4	Maxwell Comms.	380	173	-1	Smith [illegible]	1,800	135½	+½
Anglian Water	1,800	384	+1	Eastern Elect	[illegible]	184	-2	Midland Bank	3,000	236	+3	SmKl Beecham	1,700	765	-4
Argos	[illegible]	320		East Midland Elect	[illegible]	211		Midlands Elect.	3,600	209	-½	SmKl Beecham Uts	120	360	-30
Argyll Group	[illegible]	296	-8	Enterprise Oil	[illegible]	[illegible]		NFC	826	213	+6	Smiths Inds.	290	277	+1
[illegible] Wiggins	1,400	287	-1	Eurotunnel Units	[illegible]	[illegible]	+1	NatWest Bank	2,100	342	-5	Southern Elect	41	206	-1
[illegible] Brit. Foods	719	501	-4	FKI	[illegible]	79		National Power	1,400	[illegible]		South Wales Elect.	4	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bunzl	3,000	[illegible]		Ladbroke	2,900	[illegible]		Royal Insurance	[illegible]	[illegible]	-6	Wolseley	594	744	+8
Burmah Castrol	236	[illegible]	-5	Land Securities	[illegible]	532	+6	Saatchi	15,000	[illegible]		Welsh Water	150	[illegible]	
Burton	3,000	47½		Laporte	61	582	-3	[illegible]	5,600	359	-9	Wessex Water	43	[illegible]	+1
Cable & Wire	2,800	582	-9	Legal & General	1,400	433	+5	Scottish & New	580	404	-5	Whitbread 'A'	2,700	[illegible]	-12
Cadburys	2,200	417	+5	Lloyds Abbey	34	438	-1	Scot. Hydro-Elect.	3,900	113½	-½	Williams Hldgs.	6,000	337	-24
Calor Group	391	[illegible]	-2	Lloyds Bank	1,300	[illegible]	+1	Scottish Power	4,100	108½		Willis Corroon	847	312	-1
Carlton Comms	347	610		LASMO	[illegible]	[illegible]	-9	Sears	3,000	83	-1	Wimpey	9	165	
Coats Viyella	4,100	188	-1	London Elect.	[illegible]	270	-2	Sedgwick	173	265	-1	Yorkshire Elect.	214	248	
Comm. Union	349	515	-3	Lonrho	1,330	233½	-1½	Seeboard	25	206	-1	Yorkshire Water	171	415	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX [illegible] diverged from the the stock market yesterday as the September FT-SE contract spent much of the session [illegible] strong premium to the spot index [illegible] the general [illegible] in UK equities, [illegible] Jim McCallum.

After an initial attempt at a rally, the cash market moved lower with dealers suspecting that [illegible] programme trade, weighted towards the sell [illegible] had overhung [illegible] market.

Equity [illegible] also retreated but at [illegible] slower pace. As the day wore on the premium expanded and [illegible] reached 25 points.

The September FT-SE closed [illegible] down 12 points, [illegible] premium finished at [illegible] against fair value of 7.

Turnover in traded options [illegible], *and with* much [illegible] the business in calls, investors using the options market may [illegible] be taking [illegible] more positive view for UK equities.

Ultramar [illegible] the [illegible] option on speculation [illegible] will drop out of the FT-SE 100 index. The [illegible] a buyer [illegible] 500 October 240 and 280 calls and a seller of [illegible] October 260 calls. A buyer of 1,000 Hanson 200 calls, 400 Scottish [illegible] calls and [illegible] Asda January 100 [illegible] boosted [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five [illegible])				
100	99	Exch. 11pc 1991	100		[illegible]	[illegible]
99	96	Treas. 8pc 1992	99		[illegible]	[illegible]
101	100	Treas 12¾pc 1992‡‡	100		12.[illegible]	[illegible]
100	97	Treas 10pc 1992	100		[illegible]	[illegible]
132	125	Treas. 2pc IL 1992‡‡	132		[illegible]	[illegible]
99	95	Treas. 8pc 1992 ‡‡	99	-[illegible]	[illegible]	[illegible]
100	98	Treas 10¼pc Cv 1992‡‡	100		10.45	[illegible]
96	91	Treas. 3pc 1992	96		3.11	[illegible]
102	100	Exch. 12¼pc '92	102	-[illegible]	11.98	[illegible]
104	102	Exch 13½pc 1992	103	-[illegible]	13.03	[illegible]
98	94	Treas 8¾pc 1993	98	-[illegible]	[illegible]	[illegible]
100	97	Treas 10pc 1993‡‡	100	-[illegible]	9.94	[illegible]
104	102	Treas 12½pc 1993‡‡	104	-[illegible]	11.95	[illegible]
94	89	Funding 6pc 1993‡‡	94		6.32	[illegible]
108	105	Treas 13¾pc 1993‡‡	107	-[illegible]	12.78	[illegible]
97	92	Treas 8½pc 1994	97	-[illegible]	8.71	[illegible]
111	108	Treas 14½pc 1994‡‡	110	-[illegible]	13.14	[illegible]
109	105	Exch 13½pc 1994	108	-[illegible]	12.45	[illegible]
101	96	Treas. 10pc Ln. 1994‡‡	100	-[illegible]	9.93	[illegible]
107	103	Exch. 12½pc 1994	106	-[illegible]	11.70	[illegible]
98	93	Treas 9pc 1994‡‡	98	-[illegible]	9.17	[illegible]
106	102	Treas 12pc 1995	106	-[illegible]	11.27	[illegible]
89	82	Exch 3pc Gas 90-95	86		3.46	[illegible]
102	96	Exch. 10¼pc 1995	101	-[illegible]	10.07	[illegible]
110	105	Treas 12¾pc 1995‡‡	110	-[illegible]	11.59	[illegible]
114	109	Treas. 14pc '96	113	-[illegible]	12.29	[illegible]
98	92	Treas 9pc 1992-96‡‡	98	-[illegible]	[illegible]	[illegible]
119	115	Treas 15¼pc 1996‡‡	119	-[illegible]	12.78	[illegible]
112	108	Exch 13¼pc 1996‡‡	112		11.80	[illegible]
		Five to Fifteen Years				
101	95	Conversion 10pc 1996	101	-[illegible]	9.87	[illegible]
101	97	Do. 10pc 1996 B	101	-[illegible]	10.11	[illegible]
114	108	Treas 13¼pc 1997‡‡	113	-[illegible]	11.64	[illegible]
103	[illegible]	Exch 10½pc 1997	103		10.15	[illegible]
96	[illegible]	Treas 8¾pc 1997‡‡	96	-[illegible]	9.09	[illegible]
122	117	Exch 15pc 1997	122	-[illegible]	12.24	[illegible]
[illegible]	[illegible]	Exch 9¾pc 1998	100	-[illegible]	9.70	[illegible]
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	88	-[illegible]	7.64	[illegible]
[illegible]	[illegible]	Treas. 15½pc '98‡‡	128	-[illegible]	12.09	[illegible]
111	104	Exch. 12pc 1998	111	-[illegible]	10.77	[illegible]
100	92	Treas 9½pc 1999‡‡	99	-[illegible]	9.51	[illegible]
113	105	Exch. 12¼pc 1999	113	-[illegible]	10.83	[illegible]
104	97	Treas. 10½pc 1999	104	-[illegible]	10.06	[illegible]
[illegible]	[illegible]	Conversion 10¼pc 1999	103	-[illegible]	9.94	[illegible]
97	[illegible]	Conversion 9pc 2000‡‡	97	-[illegible]	9.26	[illegible]
118	110	Treas. 13pc 2000	118	-[illegible]	10.99	[illegible]
102	[illegible]	Treas 10pc 2001	102	-[illegible]	9.77	[illegible]
119	[illegible]	Treas. 14pc '98-01	119	-[illegible]	11.73	[illegible]
101	[illegible]	Treas 9¾pc 2002	100	-[illegible]	9.67	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103	94	Treas 10pc 2003	102	-[illegible]	9.73	[illegible]
110	102	Treas 11½pc 2001-04	110	-[illegible]	10.43	[illegible]
[illegible]	53	Funding 3½pc '99-04	61½	-[illegible]	5.69	[illegible]
[illegible]	90	Conversion 9½pc 2004	99	-[illegible]	9.56	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January [illegible]: 130.2 and for August 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	95	African [illegible]	106½	-[illegible]	10.43	10.30
[illegible]	91	Asian Dev [illegible]pc Ln 2009	101½	-[illegible]	10.10	10.06
116	105	Int-Am Dev Bk 12½pc 2003	114	-[illegible]	10.89	10.24
96	86	Do. 9½pc Ln 2015	96	-[illegible]	10.12	10.14

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building [illegible]

[illegible]

Public [illegible] and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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AMERICANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	20⅞	Abbott Laboratories$	30½	....	$1.00	-	1.9
[illegible]	257p	♥Allegheny & W 1c	258p	-9	30c	-	6.9
[illegible]	667p	Amdahl 5c	817pxd	+15	10c	-	0.7
[illegible]	25¼	Amer. Cyanamid $5	35⅝	-⅜	$1.50	-	2.5
[illegible]	9⅞	Amer. Express 60c	14⅝	-¼	92c	-	3.7
[illegible]	15¼	American T. & T. $1	21⅝	-⅛	$1.32	-	3.6
[illegible]	32½	Ameritech $1	35½	....	$3.40	-	5.6
26	12	BankAmerica $1.2	23	-⅛	$1.20	-	3.1
35⅝	20¼	Bankers N.Y. $1	33	-⅞	$1.53	-	8.7
30½	24¼	Bell Atlantic $1	27⅝	-⅛	$2.52	-	5.4
31¼	25	BellSouth Corp.	28½	+⅛	$2.76	-	5.7
11¼	6⅞	♥Bethlehem Steel $8	10⅝	+⅛	40c	-	2.3
1839p	1046p	Bowater Inc.	1455p	+10	$1.20	-	4.9
54⅝	37⅞	CPC Intnl. 25c	50½	-½	$2.00	-	2.3
930p	420p	California Engy	820p	....	-	-	-
50	28¼	Campbell Soup 15c	43	-⅞	$1.16	-	1.6
12¼	5⅞	Chase Manhattan $12½	11	-⅛	$1.20	-	6.6
9⅞	5½	Chrysler $6¼	6⅞	....	60c	-	5.6
10⅞	5⅞	Citicorp $1	8⅛	-¼	$1.00	-	7.3
25	21	Colgate-Palmolive $1	27⅛	-⅛	$1.06	-	2.7
928p	438p	Cont'l Bank Corp $4	652p	-13	60c	-	5.4
21⅝	13⅞	Dana Corp $1	17½	-¼	$1.60	-	5.4
1199p	203p	Data General	1146p	-10	-	-	-
22⅛	12⅞	Dial Corp $1 $	20⅝	-¼	$1.40	-	4.0
29⅝	20¼	Dun & Bradstreet $1	27	-⅛	$2.16	-	4.7
40	24¼	Eaton Corpn 50c	36⅞	+⅞	$2.20	-	-
8½	5½	Echlin Inc.	7⅛	-⅛	70c	-	[illegible]8
[illegible]	14⅞	FPL Group 1c	18⅛	-¼	$2.40	-	7.6
[illegible]	17⅞	Fluor Corp 62½pc	23⅛	-⅜	32c	-	0.8
[illegible]	13¼	Ford Motor $1	17⅛	-⅞	$1.60	-	3.5
[illegible]	28⅞	Gen. Elect. 63c	40	+⅛	$2.04	-	3.0
[illegible]	270p	♥General Host Corp $1	466p	+4	34c	-	4.3
[illegible]	20⅞	Gillette $1	23⅛	+½	62c	-	1.6
[illegible]	794p	Hasbro Inc 50c	15½	-½	24c	-	0.9
[illegible]	21¼	Honeywell $1½	31⅝	+⅛	$1.50	-	2.8
[illegible]	17⅞	Houston Inds $	22⅞	[illegible]	$2.96	-	7.8

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

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LEISURE—Contd

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
178	123	Barr & W.A.T. 'A'	174	.....	9.75	1.7	7.5	10.7
750	425	Boosey & Hawkes	730	.....	16.4	2.7	2.9	15.0
58	24	Border T.V.	57½	.....	2.1	♦	4.9	♦
[illegible]	9½	Brent Walker 10p	23½	+½	5.0	–	–	–
[illegible]	12½	Do 6pc Cv Cm Rd Pf £1	34	.....	–	–	–	–
55	13	Buckingham Int'l 10p	22	.....	‡2.1	1.8	‡	5.4
[illegible]	183	Campari Int. 20p	359	.....	†11.0	2.9	4.2	9.7
[illegible]	134	Capital Radio 2½p	220	+2	5.25	2.9	3.2	14.5
524	350	Carlton Comms 5p	510	.....	†14.1	2.4	3.7	14.3
[illegible]	61	Do. 6.5p Prf 5p	81	.....	6.5	–	10.7	–
255	168	Castle Comms. 5p	225	.....	8.5	1.7	5.1	14.9
939	480	Central ITV	933	+3	28.5	1.4	4.1	22.8
164	120	Chiltern Radio 10p	163	.....	†4.8	2.6	3.9	12.5
[illegible]	39	Chrysalis	76	.....	★2.0	–	‡	–
[illegible]	27	Cityvision 5p	39	.....	1.0	7.0	3.5	5.1
[illegible]	3	Classic Th'tres Wt 20	4	.....	–	–	–	–
256	225	Eurocamp 5p	256	.....	8.5	2.5	4.4	12.3
1405	908	Euro Disney Fr10	1403	+5	–	–	–	–
[illegible]	5	European Leis. 2½p	10½	.....	1.7	2.2	21.6	1.8
[illegible]	21½	Ex Lands 10p	34	.....	–	–	–	–
[illegible]	13	Expedier 20p	16	+1	1.0	2.7	8.3	4.4
569	405	Fairline Boats 10p	560	+20	21.0	4.1	5.0	6.5
283	188	First Leisure	270xd	–2	†5.05	2.6	2.4	19.2
259	195	GWR Group 20p	247	.....	†6.0	3.2	‡	12.9
75	59	Grampian TVA 10p	74	+4	4.1	3.1	7.4	5.8
[illegible]	4	Greenwich Comm. 1p	4	.....	–	–	–	–
69	33	HTV Ord	47	+1	3.75	1.2	10.6	10.8
184	55	Hi-Tec Sports	184	+12	5.0	2.9	3.6	12.5
4½	1½	Int'l Media Comm. 1p	2	.....	–	–	–	–
[illegible]	30	Intel. Resort Hldgs	39	.....	‡a3.2	2.5	‡	3.3
[illegible]	49	Kewick Sound 10p	92	.....	1.0	4.2	2.5	28.6
[illegible]	27½	Kunick 10p	38	+2	2.0	2.2	7.0	9.1
88	53	Do. 8¼pc Pf. 5p	80	.....	8.25	–	13.8	–
110	80	LWT (Hldgs) [illegible]	107	.....	13.94	–	4.9	–

[illegible]

PROPERTY—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

[illegible] values supplied by [illegible] NatWest Wood Mackenzie as a [illegible] only.

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: [illegible]

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter [illegible] in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

This service is available [illegible] companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116.1	116.1xd	123.2	-0.2	9.33
High Inc Equity	6	137.9	141.4	150.4	+0.1	5.65
Worldwide Bond	6	209.0	209.0xd	221.5	-0.7	6.77
Capital Growth						
American Growth	6	199.0	199.0	212.6	-1.2	1.03
Asian Pacific	6	119.6	122.0	129.7	-1.6	1.21
Assets & Earnings	6	185.5	189.6	201.6	-0.8	2.87
Capital Reserve Acc	0	108.75	108.75	108.84	-0.10	6.97
Capital Reserve Inc	0	85.96	85.96	86.02	-0.09	6.98
Comdty & Energy	6	72.60	72.60xd	77.64	-0.34	1.92
1992 Enterprise	6	65.76	65.76	70.39	-	2.74
Euro Capital Acc	6	89.02	89.02	95.20	-0.08	1.43
Euro Capital Inc	6	85.05	85.05	90.96	-0.07	1.43
General	6	175.9	175.9xd	188.1	+0.2	2.66
Japan	6	98.85	99.64	106.0	+0.9	-
Mastertrust	6	91.20	91.20	97.54	-0.11	2.09
UK Growth Acc	6	171.3	171.3	183.2	+0.7	2.45
UK Growth Dist	6	110.1	110.1	117.7	+0.4	2.49
US Emerging Cos	6	69.12	70.49	74.98	-0.69	-
Income & Growth	6	313.5	313.5	335.2	-1.4	4.18
Ethical	6	53.39	53.39	57.10	-0.01	2.96
International	6	62.27	63.10	67.12	-0.11	1.31
Dividend & Growth	6	51.20	52.49	55.84	-0.14	5.37
Global Gwth & Sec	6	52.21	52.90	55.85	+0.17	1.79
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1069.0	1069.0	1126.0	...	0
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
[illegible]						

[illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden Unit Trust Managers Ltd (1400)F						
15 St Botolph St, London EC3A 7EE 071 226 6066						
Maiden General	0	119.9	119.9	123.11	...	4.72
Manulife Management Ltd (1200)H						
St George's Way, Stevenage Dealings 071-256 5858						
Growth Units	5¼	136.3	136.3xd	145.0	-0.5	4.10
Gilt & Fxd Int	5	150.7	150.7	158.5	-0.3	7.99
Intl Growth	5¼	145.5	145.5	154.8	-0.3	0.46
North American ♥	5¼	95.33	95.33	101.4	-1.0	0.34
Far East	5¼	116.0	116.0	123.4	+0.3	0.52
UK Smaller Cos	5¼	106.3	106.3	113.1	+0.3	2.80
European	5¼	54.15	54.15	57.75	+0.17	1.14
Japanese Growth	5¼	36.56	36.56	39.16	+0.40	0.00
Managed P'folio	5¼	49.85	50.20	53.40	-0.04	1.55
High Income	5¼	150.6	152.4xd	162.1	-0.4	5.76
High Yielding Gilt	5¼	61.65	61.65	64.89	-0.16	9.61
Cash		51.88	51.88	51.88	+0.01	9.07

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Gth Inc	5¼	201.6	201.6	215.0	+0.2	0.00
European Gth Acc	5¼	201.6	201.6	215.0	+0.2	0.00
Intl Gwth	5¼	141.2	141.2	150.4	-0.8	0.00
UK Equity Inc	5¼	121.3	121.3	130.4	-0.2	6.19
UK Equity Acc	5¼	136.6	136.6	146.9	-0.2	6.19
UK Ind Tracker Inc	5	125.3	125.3xd	133.7	-0.6	3.69
UK Ind Tracker Acc	5	136.2	136.2xd	145.3	-0.7	3.69
US Eq Ind Tracker Inc	5	140.1	140.1xd	150.2	-0.5	3.00
US Eq Ind Tracker Acc	5	145.5	145.5xd	156.0	-0.5	3.00
Japan Tracker	5	61.38	61.38	65.09	+0.37	0.00
Asian Trader	5¼	80.72	80.72	86.44	-1.01	1.55
Managed Inc	5¼	101.1	101.1	108.7	-0.2	1.92
Managed Acc	5¼	102.7	102.7	110.5	-0.2	1.92
Cash Inc	0	100.20	100.20xd	100.20	+0.02	10.62
Cash Acc	0	110.73	110.73xd	110.73	+0.02	10.62
Europa	5¼	105.2	105.2xd	112.5	...	0.00

For Geoffrey Morley see Commercial Union

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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هكذا من الاصل

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INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Colonial Mutual Group

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Lanchester Life plc

Legal & General (Unit Pensions) Ltd

Legal & General (Unit Assur) Ltd

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fund

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngt Ltd

Stewart Ivory Unit Tst Mgrs Ltd

Stockbrokers Unit Trust Managers

Sun Alliance Unit Tst Mngmt Ltd

Sun Life of Canada Unit Mgrs Ltd

Sun Life Trust Mngmt Ltd

Swiss Life Unit Tst Man Co Ltd

TSB Unit Trusts

Target Trust Mngrs Ltd

Templeton Unit Trust Managers Ltd

Thornton Unit Managers Ltd

Three Counties Asset Mngmt Ltd

Touche Remnant Unit Tst Mngt Ltd

Tyndall Unit Trust Managers

United Charities Unit Trusts

Wesleyan Unit Tst Mngmt Ltd

Whittingdale Unit Tst Mgmt Ltd

Woolwich Unit Trust Managers Ltd

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

هكذا من الأصل

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar's decline slows

THE DOLLAR finished [illegible] on the day in Europe, but its recent decline slowed after a fall of about 2¼ pfennigs in the last week. Although the fall is generally expected to continue currency analysts believe that DM1.6500 is likely to prove [illegible] strong support level.

Interest rate factors continued to weigh on the currency. It had been assumed that last Friday's easing by the Federal Reserve would be the last in the present economic cycle, but the dollar's failure [illegible] reflects speculation that [illegible] be [illegible] another [illegible] boost [illegible]nomic [illegible]

Mr Michael Boskin, chairman [illegible] the US president's [illegible] advisers, said yesterday that "the Fed [illegible] have to [illegible] further action if over the next [illegible] time the [illegible] supply doesn't rebound."

The dollar [illegible] a low of [illegible] yesterday, [illegible]ishing around the middle of a fairly narrow trading [illegible] little [illegible] smaller than expected rise [illegible] cent in August US industrial production, [illegible]pared [illegible] rise [illegible] in July.

[illegible] that if [illegible] assembly [illegible] stripped [illegible] production would [illegible] risen [illegible] per [illegible] in August and also found the upward revision to the previous month encouraging. [illegible] rise in August capacity utilisation to 80.00 from [illegible] cent was in line with expectations.

Mr Wayne Angell, a [illegible]nor of the Federal Reserve Board, said on US television that [illegible] recession has run its course and the rundown in [illegible] inventories is essentially over. He added that the US discount [illegible] cut was in recognition that [illegible] coming down.

At the London [illegible] the dollar had fallen [illegible] from DM1.6735; to SFr1.4585 from SFr1.4620; and to [illegible] from FFr5.7000, but had improved slightly [illegible] Y133.80 from Y133.55. On Bank of England figures the [illegible] index was unchanged at 64.7.

Sterling improved against the dollar, but [illegible] a soft [illegible] in [illegible] European exchange rate mechanism despite finishing unchanged against the D-Mark.

The interest rate differential between London and Frankfurt [illegible] narrowed sharply and wholesale interest rates in London are close [illegible] discounting another cut in UK bank [illegible] rates. Speculation about further rate cuts in London and doubts about the timing of [illegible] UK general election undermined sentiment, pushing the pound down to second [illegible] member of the ERM.

Sterling rose 30 points [illegible] $1.7425 and climbed [illegible] from Y232.25. It was unchanged at DM2.9100 and SFr2.5425, but fell to FFr9.9100 from FFr9.9150. The pound's index finished unchanged [illegible] 91.0.

The D-Mark remained third strongest ERM currency. In Paris it was fixed at [illegible] six-month high [illegible] FFr3.4075, against [illegible] Monday. The French franc stayed the [illegible] member of the system

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 17	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.508	-3.83	5.24	66
Belgian Franc	42.4032	42.1994	-0.48	1.69	28
D-Mark	2.05586	2.04804	-0.38	1.59	31
Italian Lira	1538.24	1532.96	-0.34	1.55	22
Dutch Guilder	2.31643	2.30889	-0.33	1.53	21
Irish Punt	0.767417	0.766481	-0.12	1.33	10
Danish Krone	7.84195	7.90640	0.82	0.38	-33
Sterling	0.696904	0.703597	0.96	0.24	-19
French Franc	6.89509	6.97804	1.20	0.00	-61

Ecu central rates [illegible] by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the [illegible] difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Sep 17	Latest	Previous Close
£ Spot	1.7435-1.7445	1.7375-1.7385
1 month	0.76-0.74pm	0.71-0.69pm
3 months	1.99-1.96pm	1.98-1.95pm
12 months	6.57-6.50pm	6.65-6.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.17	Previous
8.30 am	91.1	91.1
9.00 am	91.1	91.1
10.00 am	91.1	91.1
11.00 am	91.0	91.0
Noon	91.0	91.0
1.00 pm	91.0	91.0
2.00 pm	91.1	91.0
3.00 pm	91.0	91.0
4.00 pm	91.0	91.0

CURRENCY MOVEMENTS

Sep 17	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.0	-20.6
U.S Dollar	64.7	-14.4
Canadian Dollar	106.0	+3.5
Austrian Schilling	109.4	+11.6
[illegible] Franc	110.8	-2.3
Danish Krone	108.6	+3.1
D-Mark	117.5	+24.2
Swiss Franc	109.9	+18.2
Dutch Guilder	113.7	+15.0
French Franc	102.4	-13.5
Lira	98.7	-19.9
[illegible]	138.4	+71.4

POUND SPOT - FORWARD AGAINST THE POUND

Sep 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7375 - 1.7470	1.7420 - 1.7430	0.75-0.73cpm	5.10	1.98-1.95pm	4.51
Canada	1.9765 - 1.9840	1.9790 - 1.9800	0.37-0.29cpm	2.00	0.88-0.75pm	1.65
Netherlands	3.2750 - 3.2875	3.2750 - 3.2850	⅛-¼cpm	1.14	⅝-½pm	0.76
Belgium	59.80 - 60.15	60.00 - 60.10	9-4cpm	1.30	22-6pm	0.97
Denmark	11.2250 - 11.2690	11.2550 - 11.2650	⅞-⅛orepm	0.60	1¼-⅛pm	0.24
Ireland	1.0895 - 1.0905	1.0895 - 1.0905	0.05pm-par	0.28	0.13-0.03pm	0.29
Germany	2.9075 - 2.9155	2.9075 - 2.9125	⅜-¼pfpm	1.29	⅝-½pm	0.77
Portugal	249.15 - 250.65	249.65 - 250.65	37-74cdis	-2.66	200-273dis	-3.78
Spain	182.15 - 183.55	183.25 - 183.55	28-39cdis	-2.19	91-104dis	-2.13
Italy	2174.50 - 2181.45	2177.25 - 2178.25	1-3liredis	-1.10	6-8dis	-1.29
Norway	11.3990 - 11.4500	11.4400 - 11.4500	⅛-⅝oredis	-0.39	1¼-2dis	-0.57
France	9.9035 - 9.9390	9.9050 - 9.9150	1¼-⅞cpm	1.21	1⅝-1⅛pm	0.68
Sweden	10.5955 - 10.6375	10.6275 - 10.6375	¼-⅜oredis	-0.28	⅜-1dis	-0.26
Japan	232.75 - 233.75	232.75 - 233.75	¾-⅝ypm	3.54	2¼-1⅞pm	3.43
Austria	20.45 - 20.52	20.48 - 20.51	2¼-1⅛gropm	1.28	4¼-2pm	0.62
Switzerland	2.5370 - 2.5475	2.5375 - 2.5475	⅜-⅜cpm	2.36	1¼-1⅛pm	1.87
Ecu	1.4190 - 1.4255	1.4225 - 1.4235	0.10-0.05cpm	0.63	0.13-0.04pm	0.24

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.60-3.55cpm 12 Month 6.64-6.54cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7375 - 1.7470	1.7420 - 1.7430	0.75-0.73cpm	5.10	1.98-1.95pm	4.51
Ireland†	1.5955 - 1.6025	1.5990 - 1.6000	0.60-0.55cpm	4.31	1.73-1.63pm	4.20
Canada	1.1345 - 1.1370	1.1360 - 1.1370	0.28-0.31cdis	-3.11	0.80-0.85dis	-2.90
Netherlands	1.8780 - 1.8905	1.8825 - 1.8835	0.62-0.64cdis	-4.01	1.77-1.82dis	-3.81
Belgium	[illegible]	[illegible] - 34.50	9.00-13.00cdis	-3.83	27.00-37.00dis	-3.72
Denmark	[illegible] - 6.4650	[illegible] - 6.4650	2.26-2.56oredis	-4.48	6.60-7.20dis	-4.27
Germany	[illegible] - 1.6770	1.6700 - 1.6710	0.53-0.55pfdis	-3.88	1.54-1.57dis	-3.72
Portugal	[illegible] - 144.00	[illegible] - 144.00	85-95cdis	-7.50	280-305dis	-8.13
Spain	[illegible] - 105.00	[illegible] - 104.80	62-67cdis	-7.39	172-180dis	-6.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 6-6¼ per cent; three years 7-7⅛ per cent; four years 7½-7⅝ per cent; five years 7⅝-7¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep 17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	[illegible]	2.910	233.3	[illegible]	2.543	[illegible]	[illegible]	1.980	60.05	1.423
$	0.574	1	[illegible]	133.8	[illegible]	1.459	[illegible]	1250	1.136	34.45	0.816
DM	[illegible]	[illegible]	1	80.17	[illegible]	0.874	1.127	[illegible]	[illegible]	20.64	0.489
YEN	[illegible]	7.471	12.47	1000.	[illegible]	[illegible]	[illegible]	9336	[illegible]	257.4	6.099
F Fr.	1.009	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	2198	[illegible]	60.60	1.436
S Fr.	[illegible]	[illegible]	[illegible]	91.74	[illegible]	1	[illegible]	[illegible]	[illegible]	23.61	0.560
H Fl.	[illegible]	[illegible]	[illegible]	71.13	3.021	[illegible]	1	664.0	[illegible]	18.31	0.434
Lira	[illegible]	[illegible]	[illegible]	107.1	[illegible]	[illegible]	1.506	[illegible]	[illegible]	27.57	0.653
C$	[illegible]	0.880	1.470	117.8	[illegible]	[illegible]	1.657	1100	1	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	388.5	[illegible]	[illegible]	5.462	[illegible]	3.297	100.	[illegible]
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.391	[illegible]	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

CURRENCY RATES

[illegible]

OTHER CURRENCIES

	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	60.00 - 60.10	34.40 - 34.50
Malaysia	4.7865 - 4.7945	2.7495 - 2.7515
Mexico	5308.10 - 5312.90	3048.00 - 3049.00
N.Zealand	2.9650 - 2.9685	1.7005 - 1.7025
Saudi Ar.	6.5055 - 6.5625	3.7500 - 3.7510
Singapore	2.9465 - 2.9535	1.6925 - 1.6945
S.Af (Cm)	4.8910 - 4.9025	2.8145 - 2.8160
S.Af (Fn)	5.4145 - 5.5000	3.1055 - 3.1545
Taiwan	46.30 - 46.40	26.55 - 26.60
U.A.E.	6.3700 - 6.4470	3.6715 - 3.6735

* Selling rate.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE) — CHICAGO — PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.12	-	-
105	1.09	-	-	0.28	-	-
106	[illegible]	-	-	0.55	-	-
107	0.65	1.13	-	-	-	-
Open Int.	98,258	30,843	2,075	77,160	32,185	7,700

Estimated volume 27,174 Total Open Interest 248,221

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7425	[illegible]	[illegible]	1.7067	1.6766

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	[illegible]	1.7242	1.7196	1.7178
Mar	1.7040	[illegible]	1.7040	1.7014
Jun	-	[illegible]	-	-

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Co-operative Bank	10.5	McDonnell Douglas Bok.	10.5
Allied Trust Bank	10.5	Coutts & Co	10.5	Midland Bank	10.5
AIB Bank	10.5	Credit Lyonnais	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Cyprus Popular Bk	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Dunbar Bank PLC	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Duncan Lawrie	10.5	Nykredit Mortgage Bank	11.5
Banco Bilbao Vizcaya	10.5	Equatorial Bank plc	10.5	Provincial Bank PLC	14
Bank of Cyprus	10.5	Exeter Bank Limited	11	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Financial & Gen. Bank	11	Royal Bk of Scotland	10.5
Bank of India	11	First National Bank Plc.	14	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Robert Fleming & Co.	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	Robert Fraser & Ptnrs.	11	TSB	10.5
Barclays Bank	10.5	Girobank	10.5	Unibank plc	10.5
Beneficial Bank	11	● Guinness Mahon	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hambros Bank	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	Hampshire Trust Plc	13.5	Western Trust	10.5
CL Bank Nederland	10.5	Heritable & Gen Inv Bnk.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	● Hill Samuel	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	C. Hoare & Co.	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Hongkong & Shanghai	10.5		
		● Leopold Joseph & Sons	10.5		
		Lloyds Bank	10.5		
		Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

MONEY MARKETS

London rates steady

INTEREST RATES [illegible] steady in London yesterday, while prices [illegible] sterling [illegible] moved [illegible] little higher [illegible] Monday's decline. [illegible] August UK public [illegible] borrowing requirement of [illegible] was in line with expectations and had no impact.

Three-month sterling interbank was quoted [illegible] 10⅛-10⅛ per [illegible] compared with 10¼-10⅛ per cent and 12-month funds were unchanged [illegible] 10⅛-10 per [illegible]

[illegible] Liffe December short sterling futures [illegible] towards the [illegible] the day's range [illegible] The contract opened slightly lower [illegible] 90.15 and [illegible] 90.19 compared with 90.16 on Monday.

Day-to-day credit was in fairly comfortable supply on the cash market. The Bank of England initially forecast [illegible] shortage [illegible] £500m but [illegible] this [illegible] £450m at [illegible] Total assistance of £471m was provided.

Before lunch the authorities bought £14m bills outright, by way [illegible] £7m bank bills in [illegible] 1 at 10⅜ per cent; £1m Treasury bills in band 2 at 10⅜ per cent; [illegible] £6m bank bills [illegible] 2 [illegible] 10⅜ [illegible]

In the [illegible] another [illegible] bills [illegible] purchased outright. [illegible] Treasury bills [illegible] 1 [illegible] per [illegible] and [illegible] bank bills in band 1 at 10⅜ per cent. Late [illegible] around £185m was [illegible] provided.

Bills maturing in [illegible] hands, repayment [illegible] late [illegible] and [illegible] take-up [illegible] Treasury bills drained [illegible] with exchequer transactions absorbing £150m [illegible] bank [illegible] target £115m. [illegible] outweighed a fall in the [illegible] circulation adding £100m [illegible] liquidity.

In Frankfurt call money was steady at 9.05 per cent as banks held comfortably high reserves despite a draining [illegible] liquidity through seasonal [illegible] payments. With money leaving the banking system through tax payments [illegible] looking to the Bundesbank [illegible] in full [illegible] of expiring securities repurchase agreements [illegible] DM31.4bn. The [illegible] bank [illegible] a two-tranche [illegible] 28-day [illegible] 64-day funds yesterday at variable bid rates.

In New York the Federal [illegible] in the banking system through overnight system repurchase agreements [illegible] Federal funds were trading [illegible] per cent. [illegible] was well above the assumed new target rate of [illegible] per cent set last Friday when the [illegible] its discount [illegible]

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. [illegible]) 3 [illegible] US dollars		6 months US Dollars	
[illegible] 5⅞	offer 5⅞	bid 5⅞	offer 5¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

		Treasury Bills and Bonds			
Prime rate	8	One month	5.21	Three year	6.48
Broker loan rate	7¾	Two month	5.25	Four year	6.63
Fed.funds	5½	Three month	5.32	Five year	7.09
Fed.funds at intervention	5½	Six month	5.45	Seven year	7.43
		One year	5.54	10-year	7.63
		Two year	6.17	30-year	7.94

Sep 17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.00-9.10	8.95-9.10	9.00-9.15	9.05-9.20	9.20-9.35	9.25
Paris	9⅛-9⅛	9⅛-9¼	9⅛-9¼	9⅛-9⅛	9¼-9⅜	9.25
Zurich	7⅞-7⅞	8-8¼	-	8-8¼	-	-
Amsterdam	8.81-8.94	9.10-9.12	-	9.18-9.23	-	-
Tokyo	6⅞-6⅞	6⅞-6⅝	-	6⅞-6⅞	-	-
Milan	10⅞-11	11⅛-11⅜	-	11⅛-11⅜	-	-
Brussels	9.06-9.18	9⅛-9⅜	-	9⅛-9⅜	-	-
Dublin	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-10	9⅞-10	-

LONDON MONEY RATES

Sep 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅞	10⅜	10½	10¼	10⅛	10⅛
Interbank Bid	9	10½	10⅜	10⅛	10	10
Sterling CDs	-	-	10½	10⅛	10⅛	10⅛
Local Authority Deps.	10⅞	10⅜	10½	10⅛	10⅛	10⅛
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¼	10½	-	-	-	-
Company Deposits	-	-	10⅜	10[illegible]	10¼	10¼
Finance House Deposits	-	-	10⅞	10⅛	10⅛	10⅛
Treasury Bills (Buy)	-	-	10⅜	9⅞	9⅞	-
Bank Bills (Buy)	-	-	10⅜	9⅞	9½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.50	5.48	5.68	5.87
SDR Linked Dep. Offer	-	-	7⅞	7¼	7⅞	7⅞
SDR Linked Dep. Bid	-	-	7⅛	7⅛	7⅛	7¼
ECU Linked Dep. Offer	-	-	9¾	9¾	9¾	9⅞
ECU Linked Dep. Bid	-	-	9⅝	9⅝	9⅝	9⅞

Treasury Bills (sell); one-month 10 per cent; three months 9½ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9¾ per cent; Treasury Bills; Average tender rate of discount 9.5629 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30, 1991. Agreed rates for period Sept.25, 1991 to October 25, 1991, Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30, 1991. Scheme IV&V: 10.950 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

CROSSWORD

No.7,649 Set by DANTE

ACROSS

1 A number in the arena competing in track events (6)
4 Canst not be shaken! (8)
9 Bitterly continue a row with the French (6)
10 Flattery that won't wash? [illegible] it will! (4,4)
12 Distraught wanderer approached (4,4)
13 [illegible] track made by mountaineers (6)
15 Not the top team (4)
16 He contributes to the liquid assets of a bank (5,5)
19 Pound notes may be what it means! (10)
[illegible] Run through [illegible] (4)
[illegible] arrivals, we hear, at [illegible]
25 Militant to work on arranged visit (8)
27 It cools the car, warms the house [illegible]
28 Mountain retreat needs freezer for fish (6)
29 A singular spectacle? (3-5)
30 Not a musical score (6)

DOWN

1 Screen has red centre and unusual rose edging (7)
2 He tries to swindle with a business offer (9)
3 Lyn gets up, puts on stockings first – these? (6)
5 Empty honour for a woodwind player (4)
6 Annul, even in court? (3,5)
7 A pound to one hermit will be (5)
8 Local draughtsman? (7)
11 Higher than everyone in the exam? (7)
14 Rodents carry out an unusual crime (7)
17 Produce I turn into a balanced diet (9)
18 Cocktail drunk before the dance (4-4)
19 Goldsmith turns to grab [illegible] (7)
21 May be charged with assault (7)
22 The pattern of old China (8)
[illegible] high pressure produces the hump (5)
26 Stud manager (4)

Solution to Puzzle No.7,648

ONEARMEDBANDIT / TIGER DEMITASSE / EXTRACT SURTOUT / TROUT EXISTENCE / SUNHELMET STRAP / ENCHANT RAGTIME / TOLERANCE LASER / ACCUSTOMEDNESS

WORLD STOCK MARKETS

AUSTRIA

September 17	Sch.	+ or −
Austrian Airlines	2,811	−9
Creditanstalt	585	+2
EA General	3,530xr	+20
EVN	867	+2
Jungbunzlauer	10,100	−10
Laenderbank	1,000	....
OeMV	1,003	+1
Perlmooser Zement	1,730	−10
Radex Heraklith	777	+5
Steinlaghaus Brau	1,900	+20
Steyr Daimler	354	....
Veitscher Magnesit	506	....
Verbund (Br) A	524	−2
Wienerberger	5,610	+25

FRANCE (continued)

September 17	Frs.	+ or −
Beghin-Say Cert Inv	471	−7
Bongrain	2,360	....
Bouygues	616	+1
CGIP	1,114	−5
C M B Packaging	150	−1.10
Canal+	1,092	+20
Cap Gemini S	301.80xr	+1.80
Carrefour	2,048	+23
Casino	153.10	+5.30
Cetelem	825	+10
Chargeurs	899	−14
Club Mediterranee	464	−3
Cogifi	925	....
Coparex	381	....
C C F	174.70	−0.80
Cr Fonc France	1,148	−2
Cred Lyon (CI)	500	....
Credit National	1,215	+9
Damart	2,180	+9
Docks de France	393	....
Dollfus Mieg Cie	335	+1
EBF	749	+5
Eaux Cie Genl	2,490	−18
Ecco	998.90	+4.90
Elf-Aquitaine	396.10	−2.80
Elf-Aquitaine Certs	271.50	+0.50
Essilor Int	337	−1
Eurafrance	1,600	+10
Euro Disney	139.60	−0.60
Exor	1,275	−15
Finextel	123	+3.50
Fonc Lyonnaise	605	+5
From C et Aux	2,460	....
GTM-Entrepose	405	+4

TOKYO - Most Active Stocks

Tuesday 17 September 1991

	Stocks Traded	Closing Prices	Change on day
Meiji Seika	11.3m	1,180	+10
Hitachi Zosen	10.8m	598	0
Mitsubishi Heavy	10.1m	749	+9
Toyo Tire	9.1m	895	+100
Mitsui Shipbldg	9.0m	640	+17
Nippon Steel	8.0m	436	+11
NKK	7.5m	415	−1
Cosmo Oil	7.4m	881	0
Mitsui	6.9m	616	−3
I'kawajima	6.7m	740	+8

3:15 pm prices September 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
61½	42¼	Xerox4.125				16	61	61	61	
27½	14⅛	Xtra 1.94				30	20⅞	20⅞	20⅞	
24⅞	14¼	Xtra Corp	0.72	0.03	76	50	23¼	22⅞	22⅞	-⅛
24¼	21⅞	Yankee Egy	1.80	0.07	11	135	24⅛	23⅛	24⅛	+½
1½	⅝	Zapata			2	328	⅞	⅞	⅞	-⅛
9⅝	5½	ZenithElec			1	75	5⅛	5⅛	5⅛	
18⅜	12	Zenith Nat x	1.00	0.06	94	17	16½	16¼	16¼	-⅛
6¼	4½	Zenix Inc x	0.84	0.14		65	6	6	6	
18⅜	10⅞	Zero Corp	0.40	0.03	17	72	14⅞	14⅛	14⅛	+⅛
41⅞	29½	Zurn Ind x	0.88	0.02	14	203	35¼	34⅞	35	+⅛
13½	10¼	Zweig Fund	1.12	0.09		336	12¼	12	12⅛	
10⅛	8½	Zweig Tot x	0.95	0.09		665	10⅛	10	10⅛	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices September 17

NASDAQ NATIONAL MARKET

3:00 pm prices September 17

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		36	1407	29¼	28	29	+¾
XL Data		34	475	11⅛	11⅛	11½	-⅛
Xoma Corp		8	3914	17	16¼	16¼	-½
Yellow Fr	0.94	16	380	30¼	30	30	
York Rsch		60	3065	8	7	7¼	+½
ZionsUtah	1.44	9	3	48	47	47	

FINANCIAL TIMES

Wednesday September 18 1991

AMERICA

Volatility fears keep investors out of equities

Wall Street

A SHORTAGE of buyers yesterday morning left share prices sliding lower in thin, unconvincing trading, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was off 7.38 at 3,007.83 after gaining 29.52 to 3,015.21 on Monday in a late afternoon programme-driven rally. Declining issues had a very thin edge on those advancing. The slightly negative tone of the market was reflected in the more representative Standard & Poor's 500, which eased 0.09 to 385.69 at 12.30 pm, and in the Nasdaq composite of secondary stocks, which was 0.68 lower at 515.

Fear of volatility ahead of this week's "triple witching", when stock-index futures, stock index options and options on individual stocks will expire at the end of the week, kept many investors out of the market.

Traders were unimpressed by the morning's release of industrial production statistics, which showed growth of 0.3 per cent for August, below the expected 0.5 per cent.

Beazer led NYSE trading for a second day, following Hanson's £351.4m bid for Britain's fourth largest housebuilder. At midsession, the shares held steady at $8⅛ after surging $2¼ a day earlier.

Among actively-traded blue chips, American Telephone & Telegraph was unchanged at $37⅞, Philip Morris slid $⅛ to $72⅝ and PepsiCo firmed $⅛ to $29⅝.

Meanwhile, the scandal-plagued Salomon continued to drift lower yesterday morning, sliding $⅝ to $24¼. Merrill Lynch, however, added $1⅛ to $44⅛ amid speculation that Merrill stands to gain from Salomon's suffering.

Shares in Cabletron Systems dropped $2⅛ to $45⅝ after a secondary offering of 2.5m common shares was priced at $45. Quaker Oats climbed $1½ to $57 on news that the company will resume a 7m share repurchase programme that was first announced in 1989.

In over-the-counter trading, Centocor slid $2¾ to $49¾ after an analyst at Merrill Lynch cut his rating on the stock to hold in the wake of the stock's recent surge. Centocor was trading below $38 in early September, before a Food & Drug Administration advisory panel recommended approval of the company's drug to treat bacterial infections, including septic shock.

Among other drug companies, Arbor Drugs rose $⅞ to $19¾. The stock has been added to Shearson's list of select growth stocks.

Collagen added $⅛ to $16⅝ after the FDA asked the company to change its labelling on its Collagen injection products.

Concern about the computer industry continued to dominate the secondary market. Intel, the big semiconductor company, extended its losses by dropping $⅞ to $40⅞. The issue has lost about $9 since Friday, when Intel warned that its third quarter earnings would be disappointing.

Concern about earnings at Sun Microsystems prompted an analyst at Merrill Lynch to cut his medium-term rating on the issue to neutral from above average. The shares fell $1⅛ to $28⅜.

Canada

TORONTO stocks tumbled to the day's low as the market retreated from Monday's marginal gains. Underlying weakness remains in the market, reflecting the negative outlook for third quarter earnings and growing pessimism over 1992 earnings. The TSE-300 composite index lost 9.3 to 3,418.9. Declining issues led advances by 221 to 170 on volume of 9.8m shares valued at C$99.6m.

SOUTH AFRICA

TRADING CENTRED on Barlow Rand's R1.1bn deal with Anglo American and Gencor. Barlow rose R2.75 to R51.25. The industrial index gained 13 to 4,216, the all-gold index put on 19 to 1,127 and the all-share added 27 to 3,423.

ASIA PACIFIC

Nikkei gains 1.3% on hopes of lower interest rates

Tokyo

SHARE PRICES gained ground yesterday on the Tokyo market's return from a long weekend. Investors were optimistic about an imminent monetary easing, following Friday's cut in the US discount rate, *writes Emiko Terazono in Tokyo.*

The Nikkei average rose for the fourth consecutive day to close at 23,443.61, up 309.18 or 1.3 per cent. The index opened at the day's low of 23,182.17 and hit the day's high of 23,559.65 at the morning close after early arbitrage-linked buying had pushed prices up.

Volume fell from Friday's 1.2bn shares to 550m, but foreigners remained large buyers. Gains led losses by 750 to 256, with 156 issues unchanged. The Topix index of all first section stocks climbed 20.87 to 1,807.71, and in London trading the ISE/Nikkei 50 index firmed 1.41 to 1,374.62.

A stronger yen and lower bond yields encouraged a surge in futures prices. Foreign brokerages have anticipated a rally, as the recent slew of economic indicators have shown a slowdown in the economy and inflationary pressures, while worries over the supply-demand situation have eased.

Mr Chris Newton at James Capel said a further rally could carry the Nikkei up to 26,000 by the end of this year.

Domestic institutions failed to follow the foreign buying. Traders said that, other than some life insurers taking profits on their holdings, most institutional investors remained quiet.

Electronic issues were firm on foreign demand. Prospects of lower earnings had previously depressed the sector, and investors sought the stocks as laggards. Fujitsu gained Y30 to Y950 and Sony Y120 to Y5,690.

Meiji Seika, the most active issue on the day, was up Y10 at Y1,190 after reaching a high for the year of Y1,210. The issue has been popular on reports of the development of a cancer drug, but some investors were taking profits and shifting funds to other issues.

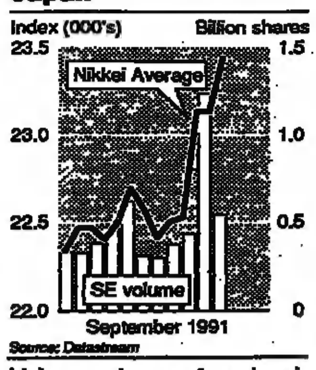
Large-capital shares were higher on hopes of an imminent interest rate cut. Mitsubishi Heavy Industries advanced Y9 to Y749 and Nippon Steel Y11 to Y436.

Toyo Tire & Rubber surged Y100 to Y895 amid rumours that speculators have been switching from Nippon Carbon to Toyo.

In Osaka, the OSE average advanced 417.09 to 25,846.18 in volume of 62m shares. Tsudakoma, the textile machine maker, jumped Y150 to Y1,400 on reports that the company had developed the world's first "fuzzy-logic" controlled jet loom. Company officials said they would aim to market the product next year.

Nintendo, the game maker, added Y300 at Y13,900. Investors were encouraged by the decline in margin positions from a peak of 15m shares to a current 8m shares.

Japan



Source: Datastream

Roundup

CURRENCY concerns weighed on Australia and Taiwan in a generally quiet day for Pacific Rim markets.

AUSTRALIA was held back by continued strength in the domestic dollar. The All Ordinaries index ended down 1.3 at 1,555.8 after turnover of A$171m, against A$166m.

Pacific Dunlop fell 12 cents to A$5.06 on a 36 per cent drop in profits, and a one-for-five A$673m rights issue to fund the takeover of Petersville Sleigh, the food producer.

TAIWAN was dragged down by fears about the local currency's strength on corporate earnings. The weighted index dropped 33.74 to 4,532.25. Turnover remained near the year's lowest levels, at T$10.36bn after T$9.48bn.

NEW ZEALAND was lifted by lower interest rates and ignored the rising New Zealand dollar. The NZSE-40 index closed 4.91 higher at 1,413.68 after turnover of NZ$14.3m, down from NZ$21.9m.

Fletcher Challenge closed 3 cents lower at NZ$3.40. The stock has been under pressure since last week, when some analysts issued pessimistic earnings forecasts.

MANILA was encouraged by the government's push for a referendum to overturn the senate's rejection of a new military bases treaty with the US. The composite index improved 1.99 to 907.69.

Philippine National Bank (PNB) and Ayala Land fell as a result of the senate's rejection. PNB closed down 12.50 pesos at 260 while Ayala Land declined 0.50 peso to 18.50. Oil shares proved more resilient on local buying ahead of oil drilling scheduled in November in the southern Philippines.

HONG KONG failed to be inspired by the overnight rally on Wall Street. The Hang Seng index ended 14.82 lower at 3,938.71 in turnover of HK$888m, down from HK$1.08bn. Investors were sidelined ahead of Jardine Matheson Holdings' interim results, due today.

SINGAPORE closed mixed after a firm opening. The Straits Times Industrial index lost 9.79 to 1,394.88 in turnover of S$55m, after S$49m.

Newly listed Scotts Holdings was the most actively traded stock with 2.47m shares changing hands. It closed 4 cents lower at S$1.02, below Monday's issue price of S$1.25.

JAKARTA continued to fall in quiet trading. The index declined 6.8 or 2.4 per cent to 281.29 on volume of 3.2m shares, down from 5m.

BOMBAY lost 1.8 per cent as the authorities banned forward trading in 20 stocks in an attempt to cool down the market. The BSE index fell 33.80 to 1,878.55 from Monday's record.

EUROPE

Bourses show slight upturn in generally steady trading

BOURSES MOVED slightly higher yesterday, as certain sectors and individual stocks attracted interest, *writes Our Markets Staff.*

FRANKFURT ticked to the positive side of its recently narrow trading range, following overnight gains in New York and Tokyo. The DAX index finished 4.80 higher at 1,634.55 after a 0.70 decline to 676.60 in the FAZ at midsession; volume rose from DM3.5bn to DM4.1bn.

Moves between the big cyclical sectors left carmakers and banks on the downside, while chemicals continued to show the modest actual or relative strength of the past few days. Bayer rose DM2 to DM290, firming after hours to DM291 on hopes that the company's meeting with fund managers in London yesterday would produce good news.

In Germany, Bayer was talking about tough global competition making it difficult to pass along environmental protection measures to customers. Ms Jackie Ashurt, James Capel's European chemicals analyst, said this was common cause in the industry – which was also getting ready to impose its traditional, post-summer price rises.

In the automotive sector, Porsche slipped another DM5 to DM710. Negative stories about earnings prospects and its own announcement about employee reductions outweighed the stated interest by Mercedes-Benz in taking a stake in the sports car builder.

BMW, which on Monday announced a four-day working week at its Munich plant, fell DM6 to DM510, although it emphasised that operatives would still be working the same number of hours a week. But the lorry maker, MAN, extended Friday's rally with a gain of DM6.80 to DM382.30 on its results for 1990-91.

MILAN rose on the first day of the October account. Trading centred on insurer Generali as it launched its large L1.7 trillion rights issue. The stock was steady at L25,870. The Comit index rose 3.78 to 545.39 in volume estimated at less than Monday's L119bn.

There was some buying interest in state groups. Sme and Alivar rose in anticipation of a merger between the two food groups. Sme rose 4.4 per cent or L140 to L3,340 and Alivar rose L230 to L11,170.

In the telecommunications sector, Italcable fell 3.7 per cent or L245 to L6,350 on a report in a domestic newspaper that the company had lost its international monopoly. The report also said that AT&T would be promoting a service that would make telephone calls to the US up to 50 per cent cheaper.

PARIS again retreated from its day's high to end almost unchanged, before the end of the monthly trading account on Friday. The CAC 40 index rose to 1,890.50, but closed only 0.16 up at a third successive year's high of 1,878.42. Turnover was active at FFr2.8bn, after Monday's FFr2bn.

There was good demand for individual stocks. Lafarge Coppée, the cement maker, benefited from a reappraisal after Hanson's bid for Beazer, the UK building materials group. The stock gained FFr11 or 2.9 per cent to FFr384 in volume of 347,750 shares.

Legrand, the electrical parts maker, jumped FFr155 or 4.2 per cent to FFr3,840 after a smaller-than-expected fall in first-half profits.

Accor continued to attract buyers after its recent weakness, rising to a day's high of FFr838 before closing FFr9 up at FFr829, while Casino, the retailer, gained FFr5.30 or 3.6 per cent to FFr153.10 in good volume of 310,050 shares. After the bourse closed, BSN said it would buy Casino's pre-cooked foods subsidiary.

L'Air Liquide added Pta2 to Pta697 before announcing a 6 per cent rise in first-half net profits after the market closed.

AMSTERDAM ended barely changed as the release of the Dutch 1992 budget contained no surprises. The CBS tendency index rose 0.1 to 92.2.

MADRID marked time in quiet trading. The general index eased 0.24 to 271.83 as turnover picked up from Monday's Pta8.6bn to about Pta10bn, a third of which was accounted for by Telefónica. The telecoms group gained Pta30 to Pta1,050 in 2.88m shares, after reports of a large order from a US buyer.

STOCKHOLM was little changed in cautious trading as the conservative Moderate party leader, Mr Carl Bildt, set about forming a coalition government. The Affärsvärlden General index rose 2.2 to 1,083.2 as volume rose to SKr359m from SKr311m.

Astra was the day's most active stock as the free A shares rose SKr7 to SKr572.

BRUSSELS was weighed down by a foreign investor's sale of a block of 11,300 shares in Delhaize, the retailer. The Bel20 index lost 1.35 to 1,111.49 in turnover of BFr836m. Delhaize accounted for 40 per cent of volume, falling BFr50 to BFr7,570 in 45,400 shares.

Barco, the electronics company which announces first-half results next week, dropped BFr40 or 4.1 per cent to BFr936.

HELSINKI continued its slide on budget and devaluation fears. The Hex index fell 14.8 or 1.6 per cent to 905.6, 15 points above its year's low.

OSLO's all-share index slipped below the 500 level. The index lost 3.75 to 499.13 in light turnover of NKr138m.

FT-SE Eurotrack 100 - Sep 17

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1114.81	1113.59	1115.11	1115.80	1115.57	1115.76	1115.69	1115.57

Day's High 1116.23 Day's Low 1113.51

Sep 16	Sep 13	Sep 12	Sep 11	Sep 10
1111.95	1116.74	1117.77	1111.14	1112.84

Base value 1000 (26/10/90).

Volume eases despite August excitement

Activity rose on only two European bourses, says **William Cochrane**

AUGUST HAS been a month to remember over the past three years. This year it accommodated the unsuccessful Soviet coup; last year, the Iraqi invasion of Kuwait; in 1989, trading was hectic in the months leading up to the Wall Street mini-crash on Friday, October 13.

This year's excitements did little for embattled European stockbrokers. The Soviet fears had a spectacular but short-term effect on share prices; with Germany the worst affected of the senior bourses, markets lost up to 10 per cent on the day of the abortive coup, and recovered most of their losses over the next week or so. But in terms of volume, only the Netherlands and Switzerland improved on a mostly quiet July, and these by relatively little.

Mr James Cornish of County NatWest, which produces the figures, says the Dutch equity market saw an exceptional rise in trading activity during and just after the Moscow coup. He notes that Amsterdam is the most international of the European majors, with big blue chips that are easy to sell at a time of crisis, and easy to buy when they look cheap.

The Soviet crisis last month was much more short-lived than its Middle Eastern counterpart of 1990-91, and accordingly had less effect on the level of trading. Last year there was a pronounced "spike" in the figures, as Dutch market turnover rose from Fl 12.2bn in July to Fl 17.9bn in August, and fell back again to Fl 11.2bn in September.

Switzerland's gain was, in fact, merely a minor recovery. Zurich's preoccupation with domestic inflation and short-term interest rates has led to lower aggregate volume during the first eight months of this year.

The halcyon days of the early and middle 1980s, when Switzerland was a byword for hard currency and low inflation and interest rates, are long gone.

The annual inflation rate was still running at 6 per cent in August; and whatever the domestic prospects might be, events on the German political and monetary scene have led to a slow erosion of hopes that interest rates could be eased in the short term. Foreign investors, whose buying led to a modest rally in Swiss equities in the spring, have been taking a neutral position.

Elsewhere in Europe, the trends were all down, the most pronounced decline being in Italy, 12 per cent lower on the month and 48 per cent below the June level. Milan's latest stockbroking scandal is only part of the story.

Reports of the underlying fraud did not really hit the market until the final week of the month; and the September figures are going to be affected by the delay of the August trading account settlement for two weeks from August 30.

Mr Roberto Morelli of County NatWest says recent turnover figures of L50bn to L80bn a day are symptomatic of a deeper, and longer standing, malaise which has seen the renascent Italian mutual funds industry going for domestic bonds and foreign equities, to the exclusion of Italian equities. "Turnover got as high as L800bn in 1986, when people really believed in Italian equities," he remembers, somewhat ruefully.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	May 1991	Jun 1991	July 1991	Aug 1991	US $bn
Belgium	39.22	40.68	34.55	32.12	0.86
France	88.96	115.82	101.88	90.82	14.77
Germany	120.90	142.40	110.00	106.68	58.77
Italy	13,662.00	14,744.00	8,733.60	7,712.00	5.72
Netherlands	12.30	10.41	10.75	11.74	5.74
Spain	716.00	636.12	630.86	565.00	5.22
Switzerland	12.30	12.50	9.42	9.90	6.35
UK	26.36	26.70	32.13	30.55	49.50

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: County NatWest WoodMac.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 16 1991								FRIDAY SEPTEMBER 13 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	151.27	−0.1	128.93	127.70	131.61	125.91	−0.6	4.80	151.35	129.56	128.11	132.51	126.64	151.75	112.74	144.88
Austria (20)	182.96	−0.3	155.93	154.45	159.18	159.45	−1.0	1.78	183.46	157.04	155.26	160.62	161.10	222.37	154.82	213.31
Belgium (47)	131.22	+0.2	111.84	110.77	114.16	111.80	−0.4	5.30	131.00	112.14	110.87	114.69	112.26	151.20	118.04	138.99
Canada (114)	137.25	+0.4	116.98	115.86	119.41	112.85	+0.3	3.36	136.75	117.06	115.74	119.72	112.49	142.27	126.49	129.89
Denmark (37)	257.85	+0.1	219.77	217.68	224.34	226.99	−0.3	1.55	257.49	220.41	217.94	225.43	227.72	270.56	217.74	258.88
Finland (16)	94.93	+0.2	80.91	80.14	82.59	81.75	−0.2	2.95	94.75	81.10	80.20	82.95	81.93	125.15	89.53	116.67
France (109)	144.13	+0.9	122.85	121.67	125.39	128.87	+0.2	3.44	142.90	122.32	120.94	125.10	128.55	152.26	119.11	135.50
Germany (65)	112.03	+0.5	95.48	94.59	97.47	97.47	−0.1	2.31	111.46	95.41	94.35	97.58	97.58	125.35	94.15	117.63
Hong Kong (55)	164.54	−0.6	140.24	138.91	143.17	163.67	−0.6	4.32	165.52	141.69	140.10	144.92	164.67	169.98	119.62	123.45
Ireland (18)	163.99	+0.9	139.77	138.44	142.67	144.69	+0.3	3.46	162.52	139.12	137.56	142.29	144.21	182.46	132.88	147.19
Italy (77)	72.66	−0.1	61.92	61.33	63.21	67.98	−0.7	3.44	72.70	62.23	61.53	63.64	68.43	88.23	64.76	88.13
Japan (474)	132.07	+0.3	112.58	111.49	114.92	111.49	+0.0	0.76	131.72	112.75	111.49	115.34	111.49	146.97	116.23	129.43
Malaysia (68)	202.07	−0.9	172.23	170.58	175.81	214.45	−0.9	2.77	203.89	174.53	172.57	178.50	216.38	247.78	189.18	213.53
Mexico (16)	1222.76	−0.3	1042.16	1032.24	1063.86	4075.53	−0.3	1.31	1226.36	1049.77	1038.00	1073.69	4087.56	1226.36	534.45	514.95
Netherland (31)	141.87	+0.0	120.92	119.77	123.44	122.06	−0.7	4.42	141.91	121.48	120.12	124.25	122.97	145.73	125.70	137.07
New Zealand (14)	47.18	+0.2	40.21	39.83	41.05	42.63	−0.3	7.14	47.08	40.30	39.85	41.22	42.74	54.64	41.18	60.57
Norway (31)	202.94	−0.4	172.97	171.32	176.57	180.90	−0.9	1.56	203.67	174.34	172.39	178.32	182.52	223.24	178.58	271.89
Singapore (38)	195.97	−0.8	167.03	165.44	170.50	153.34	−0.9	2.32	197.58	169.13	167.23	172.98	154.74	208.25	151.63	163.45
South Africa (61)	248.00	+0.5	211.37	209.35	215.76	170.20	−0.2	3.24	246.87	211.32	208.94	216.13	170.51	258.85	173.00	170.86
Spain (53)	155.86	+0.5	132.84	131.58	135.60	123.98	+0.0	4.34	155.04	132.71	131.23	135.74	123.97	171.12	131.51	140.56
Sweden (25)	197.93	−0.9	168.70	167.10	172.22	178.96	−1.1	2.49	199.65	170.91	169.00	174.81	180.97	204.12	146.60	195.63
Switzerland (58)	95.45	+0.1	81.35	80.58	83.06	86.52	−0.8	2.23	95.38	81.62	80.71	83.50	87.26	100.67	82.17	94.84
United Kingdom (240)	182.43	−0.3	155.49	154.00	158.71	155.49	−0.7	4.76	182.90	156.56	154.79	160.11	156.56	187.44	156.27	159.21
USA (527)	156.41	+0.5	133.31	132.04	136.09	156.41	+0.5	3.10	155.61	133.20	131.71	136.24	155.61	161.02	125.95	128.06
Europe (827)	143.45	+0.1	122.26	121.10	124.81	124.09	−0.5	3.86	143.32	122.68	121.31	125.48	124.68	151.52	125.50	138.63
Nordic (109)	191.22	−0.3	162.98	161.43	166.37	164.07	−0.7	1.98	191.87	164.24	162.40	167.98	165.26	200.81	155.55	199.78
Pacific Basin (719)	133.20	+0.2	113.53	112.45	115.89	113.07	−0.1	1.10	132.94	113.79	112.52	116.39	113.15	145.92	117.86	129.65
Euro – Pacific (1546)	137.60	+0.2	117.28	116.15	119.71	118.22	−0.2	2.25	137.39	117.61	116.28	120.28	118.49	147.66	121.29	132.84
North America (641)	155.15	+0.5	132.23	130.99	135.01	153.46	+0.5	3.12	154.37	132.14	130.67	135.17	152.69	159.66	125.91	128.08
Europe Ex. UK (587)	120.33	+0.4	102.56	101.60	104.72	106.08	−0.3	3.17	119.90	102.64	101.51	105.00	106.38	129.80	103.56	122.14
Pacific Ex. Japan (245)	144.40	−0.4	123.07	121.92	125.65	126.88	−0.6	4.31	144.95	124.08	122.71	126.92	127.69	147.60	111.40	131.42
World Ex. US (1737)	139.41	+0.2	118.82	117.70	121.30	119.54	−0.2	2.30	139.18	119.14	117.81	121.86	119.79	148.16	122.32	133.34
World Ex. UK (2024)	140.46	+0.4	119.71	118.58	122.22	128.65	+0.1	2.33	139.96	119.80	118.47	122.55	128.46	145.77	120.06	127.68
World Ex. So. Af. (2203)	143.42	+0.3	122.24	121.08	124.79	130.83	+0.1	2.58	143.00	122.41	121.05	125.21	130.75	148.66	122.92	130.22
World Ex. Japan (1790)	151.85	+0.3	129.42	128.20	132.14	141.96	+0.1	3.44	151.39	129.59	128.15	132.56	141.84	152.83	126.69	132.29
The World Index (2264)	144.10	+0.3	122.82	121.65	125.38	131.17	+0.1	2.59	143.88	122.99	121.62	125.80	131.10	149.01	123.28	130.46

Latest prices were unavailable for this edition. Japanese market closed September 16.